

SwedspanOnBoard

Newsletter for the Swedspan Group



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Issue 1

Swedspan Corporate Conference: Keeping on Track in 2011

The second Swedspan Corporate Conference was held from January 17-19. The entire Central Team and senior managers from every Swedspan plant met in Bratislava to discuss the strategy for the coming months. Swedspan's Group Management stayed on to discuss operational excellence topics on January 20 and 21.

"Last year the Corporate Conference was entirely new to the Swedspan organization. Yet already it is easy to see its importance for strategy and for aligning all the parts of our group in the same direction," said Christian Schwarz, CEO of the Swedspan Group. Several major business topics of great relevance for Swedspan in the near future were discussed.

This year more than 25 different topics were packed into a tight schedule. In order to operate efficiently, managers were divided into different teams and meeting rooms. An evening program rounded off the workshops and supported the informal networking among the conference participants.

1. Corporate Conference Calendar : Session Overview						
Morning session / Session 1	Time	Monday 17.1.	Tuesday 18.1.	Wednesday 19.1.	Thursday 20.1.	Friday 21.1.
	8:30 - 12:30	Start at 08:00 FY11 Back on Track a) General Overview (Christian S.) Participants: All / CT / MD's b) Comparison of Operational KPI budget vs. actual after 4 months (Luc) c) Margin improvement targets simulation (Jorgen) Participants: All / CT / MD's	Start at 08:00 Step implementation status (Christian S. and others) Participants: MD's, Production Managers, Engineering Managers, ME Starting 11:30 4 Groups: Wrap up (Oliver Bollman) Participants Wrap up (Jens Jenssen) Participants Wrap up (Alain Leroy) Participants Wrap up (Christian Höfer) Participants	Department work groups. Purchasing (Andreas W.) Technical (Christian H./Dirk) ESH (Annamarie) Controlling (Andreas N.) IT@span (Jozef) Participants: MD's, Prod. Managers	Sales Team Meeting (Rasto) HR Meeting (Christian S.) HR Managers	Group Management Session / Values & Competencies Group Management Session / Values & Competencies
	12:30 - 13:30	Lunch	Lunch	Lunch	Lunch	Closing Remarks / Summary Management Board / Lunch / Snack at 13.00 Transfer to the airport
Forum (ex. all participants)	13:30 - 14:30	4 Groups: FY11 "Back on Track" Wrap up Group work sessions FY11 "Back on Track" Wrap up Group work sessions FY11 "Back on Track"	Customer Satisfaction Index (Results) (Rasto) Participants: Sales team, MD's, Prod Managers	Competition - Country Review (Aen) / Sales Team, CT, MD's		
Afternoon session / Session 2	14:30 - 16:30	Wrap up Group work sessions FY11 "Back on Track" Wrap up Group work sessions	Swedspan Patent Strategy (Matthias) / Rasto, Bo, Luc, Dirk, Christian H., Achim, Christian S., An Hemmla, Michael, MD, Engineering Managers Operational meeting (Cevin) Production Managers, Per, Andreas W.	Sales Team Meeting (Rasto) Werner, Aen, Sales managers	ESH Introduction E-Learning tool SAM (Annamarie) MD's, HR Energy Concept SGB (Luc) Regins, Aidias, Gintaras, Christian H.	Group Management Session / Values & Competencies
	16:30 - 18:00	Infrastructure cost allocation SPL (Jorgen) Luc, Jorgen, Lalmonas, Igor, Horst, Achim Comparison of EN 312 and Swedspan Standard (Rasto) Matthias, Bo, Dirk, Christian H., MD's / Production Managers				
Reflection	18:00 - 18:45	Hotel transfer at 17.45	Reflection /all participants, CT	Reflection /all participants, CT		
	18.45 -		Departure of participants	Departure of participants, excluding Group Management	Hotel transfer	
	19.00 -	Slovak National Theater - Hviezdoslavovo námestie / Opera "Nabucco"			Parcafe, Budkova 39, BA	

The January 2011 Corporate Conference calendar showing the evening session throughout the week.

Swedspan back on track:

Christian Schwarz shared his concern about current profitability level: even though the ROCE target was fairly modest for the first months, Swedspan was not able to meet it. Material costs are currently rising fast, and Swedspan cannot pass these increases on to IKEA and its customers, as specific working rules are still not in place. In order to compensate, Swedspan management has to take corrective action to reduce raw-material consumption and cut fixed costs. Christian raised the challenge of meeting budget targets by the end of FY2011. Each production unit was asked to present a short-term action plan for improving unit profitability.

Customer Satisfaction :

Rastislav Bachar, Swedspan's Managing Director, presented the results of the first customer-satisfaction survey. It clearly shows both Swedspan's strengths and potential areas for improvement: "Our customers value our technical competences as well as our ability and willingness to provide what is needed for building clusters. However, comparing the results with production industry benchmarks, there is also clearly shown that Swedspan needs to improve its service level," Rastislav Bachar continued. Swedspan will continue measuring customer satisfaction every quarter to monitor trends and customers' reactions to the company's actions.

Investment strategy :

Swedspan will continue its three-pillar growth strategy in 2011 and

- expand production capacity in existing sites to reduce unit costs per m³,
- continue building new plants,
- pursue new potential business opportunities.

Related to this, the most important projects for Swedspan in 2011 are to:

- expand capacity by an additional 20,000 m³ in our plant at Hultsfred, Sweden – the first phase of this work was already completed about last Christmas;
- start our new ultra-thin HDF production site in Orla, Poland – the target annual capacity is 250,000 m³;

- continue planning for the construction of a new press line at our Slovakian site in Malacky – six additional hectares of land have already been purchased;
- thoroughly review further investment projects in various European regions. Swedspan's target is to create additional 775,000 m³ of particle board production capacity, and the options currently being reviewed could contribute significantly to this.

If all the projects are completed by 2012, Swedspan will reach its target capacity of 2.25 million m³ of wood-based panels.



Insight into one of the sessions of the Corporate Conference.

Building Clusters:

"Building clusters is essential for Swedspan in order to meet our target of very competitive prices," Christian said. Clusters help to reduce logistical costs. They also have many other advantages: they

- promote knowledge sharing and accelerate the learning curve, enabling us to improve our own performance faster than our competitors;
- improve the efficiency of collaboration within the value chain between Swedspan and its local customers – thus raising production activity;
- drive regional growth, creating additional regional wealth and jobs, thereby making the region more attractive to other skilled people.

Swedspan is therefore seeking cluster partners for its new plants in Lure, France, and Orla, Poland.

Improving our products:

Another major topic at the conference was the material-development initiative with the challenge of unifying and developing product specifications. For instance, Swedspan's lightweight products feature few distinctions reflecting different customers' requirements. The conference participants were asked to create common specifications for these boards. The relevant working group recommended standardizing product-development processes and going ahead with the patenting of products and production processes. Rastislav presented the most relevant activities from the development pipeline:

- Fluff board – the product is at the development stage; its operational feasibility is yet to be proven. Fluff particle will allow further weight reductions.
- COLIGHT is now at an advanced development stage; it has been tested within the IKEA supply chain, including a veneered category for furniture feasibility and performance tests.
- BOBOARD 520 is at the implementation phase at Swedwood furniture production, Hultsfred.
- Benchmarking of the UTHDF competitor product is being organized together with Swedwood.

Overall goals on material development and production-process engineering:

- low-density panels,
- low-emission "as wood" products,
- outstanding properties (surfacing & swelling performance),
- lowest possible cost price in the region

Team Building:

As a growing and learning organization, Swedspan relies on having highly skilled people in all areas – hence Swedspan's strong focus on further training for our co-workers. The Swedspan Academy has been founded to support these aims and fasten the recruiting process for additional hires. The main goals are to:

- internally train Swedspan co-workers,
- improve the qualifications of potential managerial staff,

- provide further training in industry topics relating to wood-based panels,
- identify and promote young potentials,
- support the establishment of the Swedspan/IKEA culture,
- improve soft leadership skills,
- establish a motivating compensation system linked to co-workers' personal development.

The Swedspan Academy will focus on co-workers at all levels – from new comers to long-serving patrons. Initial results were announced during the Corporate Conference. For example, a student program has been successfully introduced and is now up and running in France, Sweden and, since March, also in Lithuania.

"For FY2011 we plan to have about twelve student interns in our factories as part of our program for promoting young talent in our industry," said Matthias Gruchot, R&D Program Manager and sponsor of the program. In spring 2011, the Academy will start its "Young Specialists" program, which focuses on co-workers with a maximum of three years working experience after university studies or equivalent. OnBoard will keep you informed about the activities of the new Swedspan Academy.

The next Corporate Conference will begin on August 15, 2011.