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INDUS Holding AG

[INDUS]

SECURING YOUNG TALENTS IN THE INDUS GROUP

TODAY FOR TOMORROW



COMMITMENT MAKES TODAY'S
SKILLED EMPLOYEE TOMORROW'S
EXECUTIVE. THIS APPLIES TO
MEN AND WOMEN ALIKE.

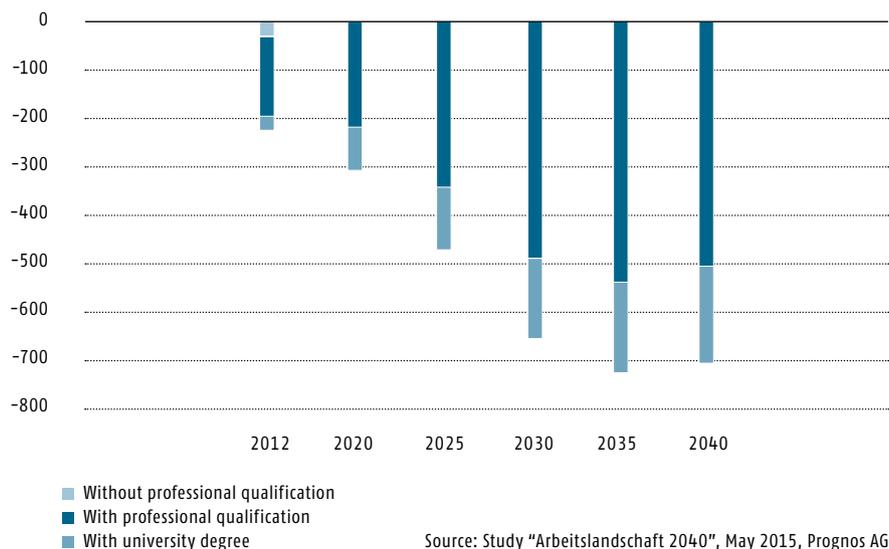
Things are getting tight in the domestic labor market. The excess demand for qualified employees runs through every sector and area of responsibility. The corporate groups are still able to position themselves relatively well in their competition for the best minds. They recruit on the strength of their names and with the benefit of their extensive human resources programs. SMEs have more limited possibilities in this area and must take a more focused approach. What are the INDUS portfolio companies doing to secure the skilled workers and managers necessary to meet their future needs?

According to a recent study by the research institute Prognos, Germany is expected to experience a shortage of just under three million skilled workers by 2030, despite the assumed annual arrival of 200,000 immigrants. This development could put a substantial damper on future economic growth, for which it has now become a topic of concern to policymakers as well. In a recently published report on skilled labor, the German federal government concludes that there is urgent need for action.

Two fundamental reasons for the growing gap in the skilled labor market are demographic trends and the general trend towards digitalization. The first of these factors will reduce the supply of available workers by ten percent over the next twenty years; the second of them calls for entirely new job profiles.

The lack of managers, engineers, and other academically-oriented profiles will be felt along a broad front as early as 2020. The same will hold true of the skilled trades, as two of every three secondary school graduates are currently taking up studies. This is a ratio that will noticeably undermine the viability of the German labor market if government and industry do not take steps to counter it.

WORKFORCE BALANCE IN THE MANUFACTURING TRADES BY QUALIFICATION UNTIL 2040 (IN 1,000 PERSONS)



RAISING AWARENESS SO THAT EACH COMPANY FINDS ITS SOLUTION

The ability to meet future needs in terms of managers and skilled workers is indispensable to INDUS's portfolio companies if they are to continue in their pursuit of growth. Many of the INDUS companies have their headquarters or production facilities in rural areas. Associated with these locations are infrastructure-related disadvantages for which SMEs must offer compensation. At the same time, a constant

process of innovation in the portfolio companies demands continuous development and expansion of knowledge.

The approach taken by the INDUS companies in response to these exigencies comprises several items: "cultivation of an established regional corporate culture," "targeted future workforce development," and "building a network".

BILSTEIN & SIEKERMANN PROVES: EVEN IN A RURAL AREA, A COMPANY CAN BE ATTRACTIVE FOR TRAINEES.

FUTURE WORKFORCE DEVELOPMENT AT MBN: REGIONAL AND COMPREHENSIVE

A perfect example of a company that is successfully taking a multi-pronged approach to developing its future workforce is MBN in Neugersdorf, Saxony. This engineering company is located in the rather structurally weak region of Upper Lusatia, and it has remained under the management of its former owners since its acquisition by INDUS in 2014. MBN operates internationally and has for many years pursued a policy of fostering young talents. Thus, MBN has ready access to qualified, cosmopolitan employees. Numerous management positions have been filled with former trainees. Nor is there any current lack of trainees. At present, MBN is training 59 junior employees. This corresponds to a share of 20 percent of the currently almost 300 employees.

This large number is not surprising when one considers what the company has to offer. The technical and commercial training facilities are attractive, and 28 boarding school spaces enable young people from remote regions to work their way into the company. For upper-level management careers, MBN offers the option of a dual course of professional training with a secondary school diploma. And those who want more may complete studies with integrated engineering training under a cooperative arrangement with a university. Employees of the company who wish to study are also free to make use of a stipend. The only condition is that they



make a commitment to work for MBN for at least three years following their studies.

It is the hope of MBN corporate founder Ernst Lieb that his employees and their families choose of their own accord to remain in the region because they feel comfortable there. For this reason he, as a private person, and MBN as a company have been actively contributing to the development of the Neugersdorf location through athletic sponsorships, construction projects, and local initiatives. This has resulted over the years in the construction of a kindergarten,

65 owner-occupied apartments, and a nursing home for seniors.

BILSTEIN & SIEKERMANN®: EMPLOYER BRANDING WORKS FOR THE SME INDUSTRY, TOO

Just under 700 kilometers to the west of Neugersdorf lies Hillesheim, where BILSTEIN & SIEKERMAN has been taking a different, but no less interesting approach. This INDUS subsidiary is located in the rural Eifel region where, with its roughly 110 employees, it produces innovative cold extrusion parts, turned parts, and locking screws for the automotive industry. The nearest major cities, Trier and Cologne, are 80 and 90

kilometers distant respectively. With the assistance of strategic consultants, the company has developed a strong employer brand over the last five years.

And it has done so with astonishing success. Its focus on its strengths has fostered among its employees a strong sense of identification with specific key values. Attributes such as competence, a commitment to quality, ambition, and openness became aspects of an ideal, which each of its employees wished to contribute to and be identified with—both internally and externally. A promotional film, various employee videos on YouTube, and interesting information on the company’s website, one example of which is a trainees’ blog, have been produced to promote a positive perception of the BILSTEIN & SIEKERMANN brand among a wider public.

Today BILSTEIN & SIEKERMANN can have its pick of employees. Corporate culture is excellent and employee turnover virtually zero. Nor has the company any lack of job applications. A system of bonuses, advanced qualification programs, and an openness to new ideas have enhanced the attractiveness

of this little SME for newcomers as well. Recently BILSTEIN & SIEKERMANN, in cooperation with the German Chamber of Industry and Commerce, even brought into being the skilled occupation of “press tool operator and metal working mechanic”. Considered as a whole, the branding expenditures have paid off financially as well. The improvements achieved to date in the daily work routine have demonstrably compensated for such factors as rising wage costs and automobile customers’ demands for price reductions.

M+P INTERNATIONAL: DIRECTLY CONNECTED TO THE WORLD OF SCIENCE

M+P INTERNATIONAL, a Hanover-based specialist in measurement and test systems for vibration testing and analysis, also has taken an interesting approach to securing the expertise it needs. The company is a spin-off of what is now Leibniz University Hanover, and has maintained its close association with that university and turned it into a competitive advantage. Under a permanent cooperative arrangement, employees of M+P INTERNATIONAL work with employees of the Institute for Dynamics and

Vibrations on concrete topics related to everyday business concerns. The close cooperation enables the research staff and student workers to make an easy transition into economic life if they wish to do so. Conversely, M+P INTERNATIONAL has easier access to the university network and publicly supported domestic and foreign projects. For M+P INTERNATIONAL these projects in particular are also a potential source of attractive gains in expertise which, most importantly, amplify the company’s powers of innovation.

It is not only for leading technology companies such as M+P INTERNATIONAL that cooperative relationships with universities function as an ideal exchange for expertise and young talent. This is shown also by the projects successfully undertaken by BACHER, SELZER, and AURORA with EBS Business School students. And once a connection has been made, there is always the option of a new position.

Like MBN, BILSTEIN & SIEKERMANN and M+P INTERNATIONAL, the other INDUS portfolio companies also are following their own paths to recruiting and securing their workforces. One has concentrated on its training program, another on its “academy” concept, while a third has simply cultivated an association with regional training centers. For all of them, however, the important thing is this: they have recognized the importance of the ‘employee factor’ and they have acted accordingly.

THE CLOSE CONNECTION BETWEEN M+P INTERNATIONAL AND ACADEMIC SCIENCES BOTH ENSURES PROFESSIONAL COMPETENCIES AND THE DEVELOPMENT OF NEW TECHNOLOGIES.

