

Huge potential

Great people, great products and great brands are three elements that form the strong foundation of Xella Group.

IMAGES XELLA GROUP



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From aerated autoclaved concrete to gypsum fibreboard and limestone products, Xella Group manufactures and markets a wide range of building materials. The business operates ninety-six production plants in twenty countries around the world, as well as sales and marketing offices in more than thirty places. Additionally, it has its own research and development centre, which is working on product and process research, applied research and construction physics.

Jochen Fabritius has been the CEO of Xella Group since March 2016, after a move from the COO position, which he held for slightly more than year. A civil engineer by profession, he spoke with *The CEO Magazine* about the changes he has implemented since his appointment as CEO, the culture he instils within the company, and what attracted him to this career path.

The CEO Magazine: While working as a partner for the business management consultancy firm McKinsey & Company, you were asked by the owners of Xella to perform a review of their operations. Tell us about how that experience helped you when you eventually joined Xella as COO in 2014.

Jochen: For the review I had the privilege of having a full team of around fifteen people working with me to develop my hypothesis on Xella. Thus, when I officially joined as COO, I had a pretty good view on what Xella was all about. The business had really strong fundamentals when looking at its people, products and brands. This is backed by hard facts. If you compare the >>



Name Jochen Fabritius
Company Xella Group
Position CEO
HQ Duisburg, Germany
Employees 5,690





“Having great people in the workplace can make all the difference in the world.”

- Jochen Fabritius

financial profile of Xella with its peers, it is more profitable and its returns are more stable.

So first is the people. Being a large organisation means it can attract great talent. I think that makes a huge difference. In fact, having great people in the workplace can make all the difference in the world. Second is the product portfolio. Xella delivers solutions that can be differentiated, which is great because then you are not in the commodity trap. Third is the brands held under the Xella banner. Not too many people have heard of Xella

but almost everybody knows Ytong. Ytong is the best known brand in light-side building materials. Then there are Multipor, Silka, Hebel and Fermacell — which are all excellent brands as well.

Those three things create the platform from which I started. At the same time there was a big opportunity to use that platform to drive further top-end and bottom-line growth.

How would we do that? By driving professionalism, innovation and structural improvements and, last but not least, by instilling trust in my new team. That is what I am focused on now as the CEO, and this is having a positive effect on the business.

How do you plan to grow Xella from here?

It is perhaps less obvious than what you might expect, but my biggest focus is on the softer side of things. I am heavily focused on cultural change — I want Xella to be non-hierarchical, open, professional and also quick to act. Fundamentally, I believe those are the things that bring change to an organisation. My goal is to create a company that I like for myself because if I like it then other people are bound to like it as well.

Let’s reflect for a moment on the things you have implemented since joining the company.

To be honest I didn’t personally bring that many new ideas to Xella, because there were plenty of great ones already here. I have just tried to nurture them and support the people in realising their ideas. Having said that, I did drive >>

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“We are the most profitable, the least volatile and the largest — those are the facts.”

- Jochen Fabritius

the organisation through a restructuring, and we have partially de-centralised responsibilities. For example, P&L responsibility has been brought down into the organisation rather than existing in silos, while value-added functions have become more centralised.

There are four core initiatives that will really expand the business and move us forward. Those initiatives are: pricing, digital professionalisation, merger and acquisition activities, and continuous improvement. We are the largest company in this industry by far. Our competitors are typically much smaller. And nobody can catch us.

What do you believe sets Xella apart from its competitors within the industry?

First of all, when you look at the facts, we are the most profitable light-side building material player of scale. Our profitability is less volatile than that of our competitors, and we are also the largest player by far for wide building products, such as autoclaved aerated concretes (AAC) or calcium silicate units (CSU). So we are the most profitable, the least volatile and the largest — those are the facts. Size here is a real advantage and it allows us to differentiate ourselves from the competition.

Let me give you two examples. One is how we do sales; we go to our end customers, our architects, the applicators and the home owners or



institutional owners of the buildings and we convince them of the superiority of construction when using our materials. The quality of our products allows for that and that is what we do. That requires certain competencies.

It is very different from going to a building merchant, putting our products on the stock yard, and asking them to sell our products for us. We can go to our end customers because we have a certain size and a certain intellectual power behind our solutions.

Second — and this is what it really boils down to — because of our size we are able to attract talent. Having a great workforce is critical to success.

How would you describe your company culture and how do you instil this within your employees? >>

“Benda-Lutz Group offers aluminium powders and pastes for production of autoclaved aerated concrete (AAC, LWC). As a part of international corporation Sun Chemical, our company has a high potential to increase its capability to supply high-quality products and advanced technical services.” - Janusz Jędrusik, President/Managing Director, Benda-Lutz Skawina.

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I am a very strong believer in the observation that people act based on what they see, not on what they hear you say. I try to walk the talk.

What are my principles? The first one is dedication to professionalism. Although you can't completely avoid politics, I don't like politically driven environments. I would like to have a company that is as free from politics as possible. I also believe this is a value that drives the profitability of the company in an environment where we are dealing with many smart competitors. So being professional and rational makes a lot of difference.

The second one is autonomy and accountability. I would like to create an environment where people have the freedom to act. I see my role as crafting a workplace that allows this, but then at the same time I also want my staff to be accountable for what they do. That's the flip side of the coin — autonomy and accountability.

Finally, I believe in dialogue; in openness and also in appreciation. We have an environment with an open-door policy and frequent communication. That generates better solutions and gives us a lot of speed.

How important are partners to Xella and how would you describe your working dynamic with them?

The ingredients for our products are actually quite simple. It is our technical expertise that turns these products into solutions for our customers. To make these products we have to procure a lot of sand, cement and aluminum powder, which is the raising agent for AAC.

Our procurement process is set up as a tandem function, meaning our suppliers are working in cooperation with Xella. Whenever we procure something we



“We have an environment here where we have an open-door policy and frequent communication.” - Jochen Fabritius

have people working together with these partners on the specifications and the needs of Xella. It is a very cooperative approach. It is not a conflict-free approach, but I believe that conflict can actually be productive because it can give us better results. So long-lasting and win-win situations are the key.

Let us look at cement as an example. It is actually the second largest consumed product on earth after water. That's a piece of trivia that I always find amazing.

We operate ninety-six plants and use local input material, such as sand, in each of them. Although cement is supposed to be a standardised product, we still need to test each local recipe and work with the suppliers to create something that works. Once the supplier has developed a product, there is a certain lock-in effect that is beneficial for them and for us.

What do you love most about your role with Xella?

I really do love my job. The key thing I like about this place is that I believe I can make a difference every single day, and I get the instant feedback from my colleagues and financial results to prove that. There are so many things that you can do, and you get the reward from it.

Currently we are on a very positive trajectory. And that's fantastic. I initially studied civil engineering because I liked the idea that I could physically see what I had created. You plan things, you build them and then you are able to see what you've done. At Xella I get to witness that in action each day. It's a great situation to be in. ■

“Our long-term business relationship with Xella Group allows us to be innovative and gives us the opportunity to develop and launch new products in a challenging European construction market. Partnerships — as it persists with Xella Group — are very important for a successful development process.” - Marc Wüst, Sales Manager, Industrie Department, Hermann Otto

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