

The Financial crises as a challenge for the industry, by organized marketing.

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The financial crises should signify the end of boasting, selfish capitalism and mega bonuses. The hope is that bankers have learned the lessons of common sense and reliability, once again. This is also the end of the belief that everything should be handled by the business world.

In the 1970s', politics seemed to bury the ideas of Keynesian economics. Politicians were not applying his theory correctly and seemed to utilize our tax money to catch votes using popular policies. Keynes (1883-1946), a British economist, had a simple theory based on circular flow of money; i.e. when one person spends money it goes towards another persons earnings and when that person spends they are supporting another persons earnings. The circle continues thus supporting a normal functioning economy. Keynes advocated that the authorities should invest, in order to create demand and make money.

At the end of 2008, authorities have put 2000 billion worldwide into the economy so you can speak about governmental revaluation. The stock value of companies was systematically too high compared to the real value. Banks must now return to acting as the financial buffer between governments, industries and consumers. Society needs a strong authority and a strong business world.

One way to improve the economy is by employing a green economy. This can be done by using solar and wind energy; and by following the plans of the European governments to decrease the CO2 emissions by 20%, decrease energy consumption by 20% and increase durable energy by 20% by the year 2020.

If the USA, China and India, as the main pollution producers, do not follow the plans of the European countries, they will miss the biggest opportunity to improve their economies. The USA has much to do regarding its own infrastructure. It seems, over the last ten years, that they have forgotten their own society. The government of Obama will increase the investments in new roads, durable building constructions, durable energy sources and will reduce energy consumption, creating a new

economy and many more jobs in the process.

Much more important is not only to look at the CO2 emissions, but also to follow the Living Report of the World Wildlife Fund. It explains the ecologic food print of countries in the whole environment of consumption and the total waste production. How much raw material a country consumes, what energy sources are required to fulfill its own living conditions. You will see that almost all western countries have too little ecologic ground available per inhabitant and will need to either reduce the population or decrease their consumption.

The challenges

This speech presents the challenges, for glass businesses both architectural and automotive, in this time of crises. How should they prepare for the coming years and the long term future? Glass, as a material has many advantages, produced with a good energy balance and suitable for recycling. It has excellent properties as a unique building material. Moreover, it is light- and solar energy transmitting.

Glass businesses are not aware of the fact that the market has now changed from a buyers market to a sellers market. The glass industry does not know how to handle this new situation and become an active marketer. The glass industry does not have enough influence on the architectural, construction, engineering and physics to optimize the façades for a better environment inside the building and to reduce the building's owner costs of energy and therefore CO2 emissions. The automotive glass producers are more successful in working together with their customers in order to develop the right solutions that the marketplace demands. Most of the architectural glass producers are automotive glass producers as well, the two markets have been split, however and the architectural glass industry is not looking at what their colleagues are doing from a marketing point of view.

What to do in a crisis?

When confidence is low and the banks aren't lending, a downtrend hits the

entire economy: Consumers don't buy cars or can't take out mortgages for houses, project developers don't get financing for new projects and the industry does not receive credit.

With the current stagnation we should assume a negative growth rate for 2009 and perhaps also 2010. The automobile industry has already been substantially affected. Whereas the construction industry will probably still function okay this year as many projects in the building process are set to be completed. However, I believe the end of 2009 will see a hiatus, due to unplanned financing for new building projects.

It would be understandable if the glass industry reacted to this crisis in a passive manner. For instance AGC repairs two float glass plants in order to reduce capacity. Alternatively one can be pro-active, which is not an easy thing to do for the construction industry, and is even more difficult for this glass sector. Price alone should never be used as the main marketing tool.

Marketing is another part of Management and is not confined to just one role. In the glass industry, Management decides which markets are served, the Production Manager decides on the technical line, the Human Resource Manager is concerned with personnel, and pricing is the domain of the Sales Director. The Marketing Manager believes he is solely responsible for advertising. In the glass industry there are few true marketing experts, there is little or no proper training, as in other industries. In order to be able to anticipate fluctuations relating to market conditions, one must know and understand the needs of the customers, one must know which new trends in architecture to expect. Armed with this essential knowledge, the desired products can then be developed and adapted according to the size of the anticipated market.

Senseo effect at the building

The major glass manufacturers cook a different soup: For example, in the automobile glass sector development is undertaken with the customers to produce the final product. However, in building construction one does not find

this efficient cooperation. To me this is incomprehensible.

These industries should take note of the 'Senseo effect' – creating successful alliances. A key example was when the electrical machine manufacturers and coffee producers worked on a combined goal: To establish a simple coffee machine to the marketplace, which would use special coffee pads. This resulted in sales of more than 15 billion coffee pads sold per year with a turnover of 100 million Euros. Imagine a similar co-operation in the building sector where you could increase the glass demand in an equal way or more.

Today, if a new building is designed, the glass industry proceeds from a certain need: outside insulation glass, perhaps even a triple ISO and then glass for the interior. And usually, that's all. This relationship could and should be much more. For example, each new building/dwelling contains an average of 3 ½ new kitchens.

The effect of proper marketing is massive. If a market sector expects 10,000 new buildings this means 35,000 new kitchens. If each kitchen owner purchased eight (8) new glass kitchen plates, the following can be easily computed: 35,000 kitchens multiplied by (8) pieces of table ware (kitchen plates) for a total of 280,000 units. If those plates were made of 19mm, glossy finished or color enameled, anti-bacterial plates, this would make a huge impact.

Glass kitchen plates that have been coated with an anti-bacterial process could change the market and would be an excellent alternatives to ceramic, stone or plastic plates. This would offer an increase value for the consumer: optically pleasing and treated with antibacterial characteristics, something no other materials can provide.

Another example could include bathroom glass and fixtures, where a similar benefit is seen. Such increases would serve the glass industry well. If one wants the 'Senseo effect' to reach the glass processing plants they have to establish better partnerships. This type of co-operation is happening sufficiently within the glass industry. For optimal opportunity, all parties in the industry must work together, talk with one another, plan together and develop products together.

The glass industry should be more open to such ideas and become strongly active. The glass manufacturers should not only think of the tonnage produced. They should not react passively to the crisis by running float plants on low flame and/or closing and reducing prices again.

This raises the question of the value in price reduction. Price lowering can, at most, bring a little more market share; however, the size of the market stays the same. In order to increase this, one must operate an active marketing policy and promote. Study what the market wants and differentiate according to



to an intimate relation with your customer

(C.K. Prahalad)

- Co create experiences with your customers
- Use the strength of others
- The pin to become in an innovative web
- Keep you open look for the next practice
- The bottom or the pyramid have been developed the largest market
- Bring themselves from time to time unpleasant situation, only this way you can learn



the development of new products. And most importantly: Do not think in volume, but in margins.

Mr C.K. Prahalad – on an intimate relationship with your customer

- Co create experiences with your customers, listen to what your customers say to you, and incorporate this in your products
- You work to different customers at the same time, each customer is unique, but together they can be a like-minded group of customers.
- Use the strength of others, you can obtain the raw materials for your products or services from anywhere nowadays; R=G; resources=global.
- The key is an innovative network; work with Universities, innovative laboratories and companies, both large and small.
- Keep your mind and eyes open, constantly looking for the next great idea or business proposition.

The current volume of manufactured glass is too great which leads to over production and capacities. In the 90's, in Germany (insulation glass) the volume developed was in the order of 40 million m², however, the requirement at that time was about 20 millions m². Today we are still building new float plants. With the current price erosion, only the commercial glass enterprises profit. They command the largest use, because they can barter a good deal and thus increase their margins. They do not have pressure from production, they can actively sell and are able to offer all desired specifications since they can select the respective manufacturers freely from the market. However, I must say that the glass industry does make progress. For example, Saint Gobain has introduced a whole new range of special products

to the market in the last few years, with which the glass processing plants and window framers can obtain higher margins.

Guardian also has strived for this with auxiliary functions (e.g. selling Diamondguard and ShowerGuard) on the glass substrate. And Interpane with Ipachrome, a product range with completely new characteristics that the architects are now inquiring about.

Mr. Tom Peters - indefinitely in search of experts

1. A preference for action. Couple decisions while meeting with customers. (Johan Crujff said: you must shoot, otherwise you know you will not score)
2. Stay close to the customer. Listen when the customer complain and make observations. The customer is not only king, he can improve your knowledge and your products.
3. Create space for autonomy and entrepreneurship: listen to your own employees initiatives. This nourishes their appetites and improves development. Give time and attention to people and their departments which come with renewing suggestions and ideas and reward them for it.
4. Increase productivity through personnel: employees are your most important assets; treat them as such. Each employees work is vital for the success of the venture.
5. Development through practical values: managers must know their company and show this on the shop floor. Passion is the magic word.
6. Shoe-maker remain at the shoetree: do what you are good at; stay in the market which you know and where you are the master.
7. Simplify and maintain a minimum staff: keep your organization simple with a

minimum of middle management and superfluous office staff. Some very successful companies no longer maintain middle-managers.

8. At the same time: lead the company with a tight hand, but also let your employees get on with the job. Let them know the company message and what they must accomplish, but let autonomy flow and let the pace decide the best manner of doing business.
9. The 21st century is the century of the woman: as a consumer, as an employee, as a manager. The era of the macho manager is gone. Selling has become a woman's game.

Nine good reasons why women can do more than men; Who can concentrate on more than one thing at the same time? Who sees more representatives? Who is generally more adapt at details? Who connects better with new people? Who asks more questions in a conversation? Who listens better? Who communicates better? Who ensures more harmony and like-mindedness? Who has more intuition?

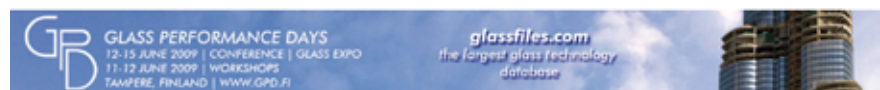
John Kotter asked himself; who leads us to a new iceberg?

1. Create a feeling of urgency. Convince your people of the need for change. If a problem exists, it is quite often the employees who are the last to know. By the time the employees are informed, it is often too late. (i.e. when the competition is selling more products). For instance, Toyota was out-selling General Motors in the United States and so the largest company in the world found itself on the edge of bankruptcy and still the employees did not feel that change was necessary.
2. Form a leading coalition of vital employees from several sections of the company. Each department has its ASTRE: employees who are listened to more than others. Five, ten or fifteen employees should be formed as part of a coalition. It is these employees that the company must persuade first, that changes are necessary. Employees will take difficult messages from a direct colleague rather than from the boss.
3. Develop a vision and strategy. Where are we going and how do we get there? The vision is the broad message; the strategy is the step by step route which explains how you want to reach the goal. The vision, not the strategy needs to be one hundred percent perfect, but the route must be clear and convincing, so that the whole company believes. Follow the route step by step and gain believers, then the skeptics and suspicious will be won over. Believers will accept small adaptation in the strategy, where the skeptics with will seize even the smallest modifications as proof that



Indefinitely search experts (Tom Peters)

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5. Floated by practical values
6. Shoe-maker remains at your shoetree
7. Simple form, small staff
8. At the same time not permanent work
9. 21st century is the century of the woman



- the process change is not good.
4. Communicate, communicate, communicate. The standard mistake of management teams is that after long-term mutual consultation and brainstorming sessions, strategic changes are developed. Managers write a note and put it in all the employees post boxes on a Monday morning. Or perhaps a small email is sent out to convene for a plenary information session for the staff. This is a big error. You must explain the vision and strategy many times. Communicating the message is the most underestimated component of each change in strategy.
 5. Remove obstacles. Create an atmosphere in which the changed processes are understood. Isolate the people convinced change is necessary by organizing activities which offer positive influence and feedback.
 6. Small changes can generates great success. Celebrate those successes and name the heroes of the changed process.
 7. Remain positive and upbeat and do not fall back to the old ways. Change means time for adjustment and many people are tempted to say the old way was better – do it the way we always did. Push against the tide and it will soon turn.
 8. Make the change permanent. Create a new culture. Replace the old traditions with the new. Take care in all aspects that everyone remains alert and the new patterns will rapidly take hold.

Leadership lessons of Kotter;

- There is a large shortage of good leadership, not only in businesses, but also in politics.
- Managers frequently consider themselves as LEADERS, this is not always the entire case. Managers

can often be the worse leaders for change.

- We all have all LEADERSHIP qualities in one form or another. We must find these qualities and learn to fully exploit them.
- Three universal actions which characterize a good LEADER;
- Develop a clear vision and strategy,
 - Communicate this vision and strategy well
 - Create stimulating surroundings
 - Eight steps to reach successful change;
 1. Create urgency
 2. Form a leading coalition
 3. Develop vision and strategy
 4. Communicate, communicate, communicate
 5. Remove obstacles
 6. Celebrate each success no matter how small
 7. Be upbeat and keep the tempo high
 8. Make changes permanent
- Good LEADERS know when it is time to go

From Philip Kotler we learn; The customer is king and your friend

- We go to spiritual marketing. After operation marketing (how I sold something?) and relationship marketing (how I advanced a link with my customer?) we must try to satisfy the deepest need of the customer, finding something he did not know he had. The first position was a mental mark, then an emotional mark and now spiritual.
- Marketing is not only PR and sales, but it must be an integral part of management.
- Marketers must improve themselves by creating a technical, customer analyses and then explain the financial benefits that the additional costs will produce.

- Successful marketing requires three steps;
 1. Devise a unique product,
 2. With new products your customers continue to be astonished,
 3. Make the customer dependent on your product
- Governments must treat citizens as their customers



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- We go to spiritual marketing
- Marketing is not only PR and sales, but must be an integral part of the management
- Marketers must themselves improve schools in calculation matters
- The four P product, price, place and promotion form together the marketing mix
- Successful marketing knows three steps;
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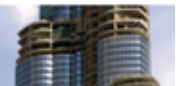
According Michael Porter analyze the industry and work with five strengths model;

1. How large the chance on new join your market is
2. How easily customers can change to competitors
3. How strong is your negotiation position with suppliers
4. How large the chance is that there a replacing product comes and you makes not necessary
5. How large is the competition in the sector now

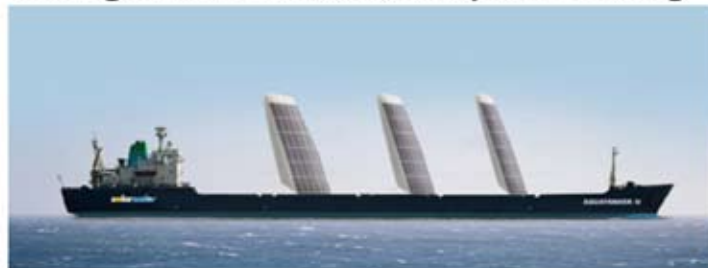


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change the traditional way of thinking



Australian company made a deal for a Chinese cargo company COSCO to provide tankers powered by sails with PV modules.



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