

# FUCHS

# Info

The FUCHS Group. News, Views, Posts & People

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1/2009

## New programming: SAP implementation at FUCHS EUROPE SCHMIERSTOFFE a herculean task

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The Global Mining Division delivers high sales revenue. Our articles from page 9 give an account of a market with potential.

### Successful product:

The gear oil TITAN ATF 4134 was developed in record time. Find out which obstacles had to be overcome, from page 24.

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Partner for



**MANNHEIM**<sup>2</sup>

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**Cover photo:**

The test job screen indicates lab assistant Ardeana Mimini the test jobs, automatically generated from production and filling process.

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**Dear Employees,**

On behalf of the Executive Board and the Group's Executive Committee, I would like to wish you and your families a happy and healthy year in 2009. 2009 will present a great challenge to us all. I am confident that we are well placed to tackle it; we have a successful global team, the right strategy and the financial resources required not only to get through this crisis but to take advantage of the opportunities it presents. We will emerge stronger from this critical phase of the world economy.

Triggered by unchecked consumption, excessive levels of debt, failed speculations and the resulting crisis in the financial markets, we are in the midst of a global recession. As a result of the securitization of problematic risks and the fact that they were sold around the world, the economic crisis has affected all of the countries in the world and almost all sectors of industry at the same time.

We have drawn up a new budget in order to realign the company to reflect this change in circumstances. In doing this, we have in no way jeopardized our future growth. Almost no measures have been taken in the areas of technical support and sales. It is at times like these especially that we need to secure new business and expand our position in the market. To do this, we require a focused team that is willing to perform in sales, product management as well as research and development.

The Group will continue to implement its investments as planned. We can be proud of our new site in Shanghai. The offices are practical and large, the laboratory is state of the art and the manufacturing facility and warehouse are top quality. The new construction of the global FUCHS LUBRITECH headquarters in Kaiserslautern is on schedule and it is due to be completed by the end of this year. We will begin demolition work in Mannheim in April, and establish the foundations for the new sales and technology centers. Furthermore, we will take advantage of the strategically sensible acquisition options that present themselves in times such as these. Our shareholders appreciate the current share buyback program and expect attractive dividend payments to continue to be made in the future. All these different aspects make one thing clear: In times such as these our primary objective must be to preserve and safeguard the liquidity of the company. The main focus here is on active debt and inventory management.

I would like to thank you for your dedicated work and assistance and I am relying on your continued support. In the next few months, all of us will have to give 110 percent to ensure that FUCHS PETROLUB remains on the successful course it has followed over recent years.

Yours

Stefan Fuchs  
Chairman of the Executive Board  
Mannheim, January 2009

# Help for people in need

**FUCHS PETROLUB has been supporting social initiatives for nine years now**

The boys and girls from the 'Kinder am Rande der Stadt' (children from the outskirts) initiative from Mannheim-Schönau had long been looking for a suitable present during their holiday camp in Neßmersiel on the East Frisian North Sea coast. Then on 24 October, David Adler and Conny Tucholsky were able to hand over the small red and yellow Pilsum lighthouses to Stefan and Lilo Fuchs and, in so doing, thank them in person for the enjoyable days. The visit to the Pilsum lighthouse, which is among the most famous lighthouses in Germany due to its appearance in the Otto Waalkes film 'Der Ausserfriesische', was one of the highlights of the trip to the far north. This trip was made possible for David, Conny and 24 other children by FUCHS PETROLUB's social sponsorship award, which supported the 'Kinder am Rande der Stadt' initiative in 2007.



Excited about the financial support – the representatives of the social initiatives from Mannheim that were awarded the FUCHS sponsorship award. Mayor Dr. Peter Kurz, patron of the initiative (far right).



The boys and girls from Mannheim-Schönau had lots of fun at their holiday camp on the East Frisian North Sea coast, which was made possible by support from FUCHS PETROLUB.

The pictures of the holiday camp with laughing, chirpy children hiking over the tideland, going for walks and sight-seeing visits were telling testament to what can be achieved with the money from the FUCHS sponsorship which was awarded on 24 October for the ninth time. In 2008 the award was also endowed with € 25,000, for which 21 initiatives and projects providing social facilities from Mannheim had competed. "Our award, which carries the motto 'Help for people', is meant to help the needy who often have to find their purpose in life within marginal groups in our society", Stefan Fuchs said in his address. Against the background of the current economic crisis he stressed that anyone could end up in a situation where they were dependent on help from such institutions. However, even if many people are in a pessimistic mood – "we will not start to panic". He underscored the motivation for the company's commitment by saying, "one must learn not just to take but also to give; not just money but also recognition for voluntary charitable work", an attitude, which mayor Dr. Peter Kurz, patron of the campaign, supported wholeheartedly. "It is vital that the economy does not lose touch with the real world", said Kurz and expressed his pleasure that 2008 had been a record year for applications and projects.

## From AIDS prevention in youth to the discovery corner for kids

### Grants distributed among seven prize winners

The jury, to which the department of Social Security, Working Aids and Senior Citizens from the city council of Mannheim belongs, did not find it easy to pick the prize winners, who came from the most varied of backgrounds.

- With € 7,500 the highest single amount went to the 'Peer Educator' project that was proposed by the Mannheim-Ludwigshafen AIDS help initiative. Youngsters from schools in Mannheim and Ludwigshafen are trained as contact persons for all matters relating to AIDS and then pass on this knowledge to their fellow students.
- Using picture boards, photos, special toys and technical equipment, the 'Regenbogenkindergarten' (Rainbow play school), a facility for handicapped and able-bodied children of pre-school age, helps these children to express themselves and to communicate with their environment. The 'Supported Communication' project received € 5,500.
- The adventure called reading is being increasingly suppressed through the use of electronic media. The Free Intercultural Waldorf School wishes to support migrant children through the stocking of an intercultural library. FUCHS PETROLUB supports their target of 'five books for every child' with € 3,000.
- In the Middle Ages troubadours traveled from village to village as carriers of news. Today the 'troubadours' voluntarily visit nursing home residents and read to them. This service, provided by the German Red Cross' Academy for Social Work in Mannheim, consists of 19 members. € 2,000 is now available in order to train these helpers.
- Tax matters are only one of the many subject areas on the agenda of the communication fora of the Sport and Culture Society for deaf persons in Mannheim. A PC and a projector are technical resources which are urgently required here, which can now be acquired thanks to the initiative's support to the tune of € 1,500.
- The lively boys and girls form the 'Rappelkiste' Kinderladen (alternative type of kindergarten) were overjoyed about the € 500 they received from the initiative for the installation of a learning and discovery corner. In the future, they will be able to prepare for a career as scientists using the giant test tubes and teaching microscopes.
- The traditional special award amounting to € 5,000 again went to the regional cooperative of self-help groups in Mannheim.
- In addition to the FUCHS sponsorship award, the FUCHS insurance brokers, Willis GmbH & Co KG, donated a sum of € 5,000. This went to the Rhine Neckar cooperative 'Barrierefreiheit' (no obstacles for handicapped persons), who wish to use the money for the further upgrading of a city district orientated guide for handicapped people.



Interested visitors to the New Year's gathering were well looked after by Tina Vogel from FUCHS Public Relations (right) and Ilona Fenzke from the Marketing Service.

## 7,000 Mannheimers stream into the Rosengarten

### FUCHS also flies the flag at the New Year's gathering

*"Chim chiminey, chim chiminey, chim chim cher-ee! A sweep is as lucky as lucky can be...." – sang the National Theatre's children's choir and struck at the heart of the Mannheimers with this melody from 'Mary Poppins'. The soot-covered man from the popular musical brings lots of luck, ...luck and love too'. So exactly the right song for a New Year's gathering to which the town had invited its citizens on the 6<sup>th</sup> of January.*

Approximately 7,000 people streamed into the Rosengarten, followed the sporting and cultural offerings – and informed themselves. The spectrum of 165 clubs, initiatives, institutions and companies, which presented themselves in the Mannheim congress centre, left no wish unfulfilled. The spectrum spanned from A for ABB to W for world shop – which got a great response from the Mannheimers. FUCHS flew the flag too. Under the motto 'Companies for Mannheim' the initiators and sponsors of the city marketing introduced themselves at a joint stand and offered information about their products, innovations and services. The companies, among them FUCHS, were taking part in the event for the fourth time already and thereby made a clear stand for Mannheim as a business headquarters location and for its future development. Besides many activities at the stand, a raffle with many attractive prizes such as a sightseeing flight over Mannheim enticed the visitors. In addition, visitors could test their 'knowledge of cars' at the 'Belmot Sound Contest' of Mannheimer AG Holding. This involved matching various noises to the right vintage car.



A great honor: Dr. Manfred Fuchs (left) receives the city's ring of honor from mayor Dr. Peter Kurz.

## A businessman with role model qualities

### Dr. Manfred Fuchs decorated with the ring of honor of the city of Mannheim

"Dr. Manfred Fuchs is an outstanding citizen of our city. His modesty, his high moral responsibility and his awareness of social responsibility make him a role model. For this comprehensive and unique commitment", said mayor Dr. Peter Kurz, "the city bestows upon this entrepreneur the ring of honor, which only seven living persons may wear".

Fuchs had been successful in forging a listed, global group from a family business and yet remained faithful to the company's place of origin. "He has remained a Mannheimer through and through", said Kurz.

Numerous prominent guests, among them Professor Dr. Jürgen Strube, Chairman of the Supervisory Board at BASF and employed in the same function at FUCHS PETROLUB, had gathered in Mannheim on the 14<sup>th</sup> January in the Florian Waldeck hall of the Reiss Engel-

horn museums. Dr. Manfred Fuchs felt somewhat embarrassed at the great honor, modesty being a family trait, yet his delight was also great. "It pleases me when my efforts concerning my great love, our city and our region, the Kurpfalz, are recognized and appreciated."

Professor Dr. Dietmar von Hoyningen-Huene, erstwhile rector of Mannheim University and current 'ambassador' of Mannheim in Stuttgart, also placed Fuchs' role model qualities at the centre of his laudation. In the face of unbelievable greed, golden handshakes and salaries worth millions for top managers, the Mannheim businessman was a positive role model. Fuchs had neither forgotten his middle-class origins, nor his historical emotional roots. He still believed in the old household remedies for success, hard work, honesty and moderation.

"Everything he pursues he does with passion, von Hoyningen-Huene pointed out at the appreciation of Dr. Manfred Fuchs' wide-ranging commitment. He expressly paid tribute to his success as Vice President of the Chamber of Industry and Commerce and in supporting the metropolitan region. "In times of rapid changes" he had taken over the chair of the University of Mannheim's council. He particularly cares about the further development of the University hospital in Mannheim and the prospects of the Medical School in Mannheim of the University of Heidelberg.

However, culture was also close to his heart. He raised a lot of money for the National Theater and the state museum for technology and employment. For the Electoral Palatinate's chamber orchestra he got involved far beyond the normal extent. "As a member of the findings commission he had taken part over three days in all conductor auditions in the last year, until we had found a suitable new principal conductor."

Thanking Dr. Manfred Fuchs for his support, who just a few days later on the 19<sup>th</sup> of January again had cause for celebration on the occasion of his 70<sup>th</sup> birthday, four musicians from the chamber orchestra opened the celebrations with a string quartet by Mozart. The soprano Ludmilla Slepnewa from the Mannheim National Theater interpreted arias by Giacomo Puccini and Umberto Giordano.

### The ring of honor

The city of Mannheim's ring of honor is – after honorary citizenship – the second highest accolade of the city. There may only be seven living holders. In December 2006 the erstwhile dean of the city Horst Schroff was the last person to receive the ring of honor, which is individually crafted each time and engraved with the name on the inside. It depicts the city coat of arms, the wolf's hook and the Electoral Palatinate's lion. The ring was donated in 1966. The Mannheim city council decide upon the award of the accolade with a two thirds majority.

# After a turbulent year on the stock markets in 2008: Good options for investing in FUCHS securities

*The uncertainty which has gripped the financial and capital markets since the second half of 2007 was the crucial factor in dictating that the year on the stock markets in 2008 was characterized by turbulent fluctuations in overall share prices. By the end of 2008, the stock markets, which are being affected more and more by the global financial crisis, were having to absorb what were in some cases great drops in share prices. The second-line stocks suffered from this in particular. The FUCHS shares were affected more than the average because, as part of the widespread turbulence seen on the stock markets, institutional investors generally migrated across the board from second-line stocks to the more liquid DAX stocks. This particularly affected those second-line stocks which in recent years had performed exceptionally well. This resulted in a considerable fall in the share price for FUCHS shares.*

*For stocks which performed well, such as FUCHS shares, the stock market year in 2008 was characterized by profit taking*

The ordinary shares closed on 30 December 2008 with a Xetra closing price of € 39.09 (closing price on 31 December 2007: € 62.86) and they were therefore 37.8 percent below the level of the previous year. The preference shares fell by 43.9 percent and finished trading on 30 December 2008 with a Xetra closing price of € 34.00 (closing price on 31 December 2007: € 60.59). Overall, the FUCHS preference share suffered more than the ordinary share from considerable profit taking. By comparison, the DAX fell by 40.4 percent and the MDAX by 43.2 percent in 2008. On 31 December 2008, after deducting the treasury stock which had been acquired up to this point, FUCHS' overall market capitalization amounted to € 0.9 billion (1.6).

*Stock exchange dealings continue to rise*

The dealings in FUCHS shares on the stock exchange continued to rise in 2008. The volume traded increased by 15 percent from € 1,026.2 million in 2007 to € 1,180.5 million in 2008. The average level of daily trading in the ordinary share fell slightly from € 1,328,000 to € 1,290,000; by contrast, the preference share saw an increase in daily trading from € 2,744,000 to € 3,358,000.

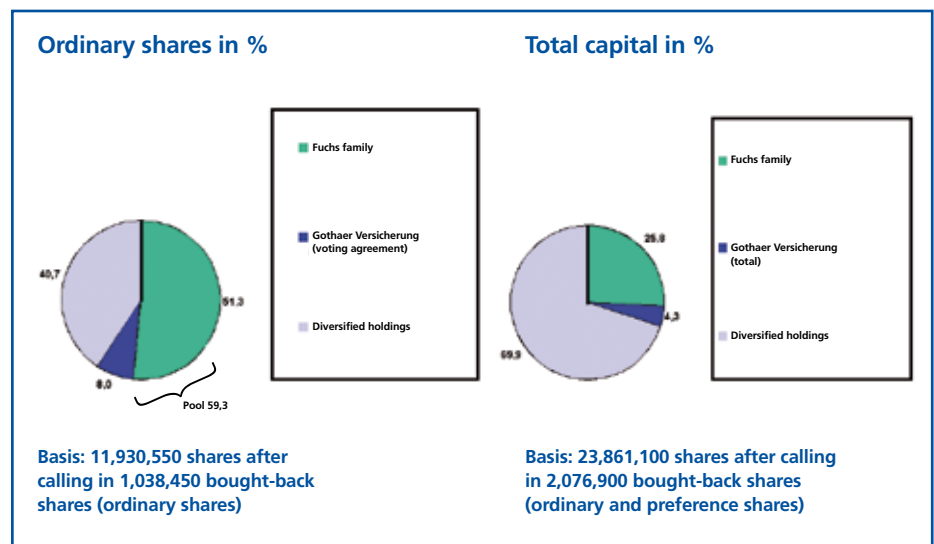
*FUCHS preference shares on MDAX since June 2008*

The preference and ordinary shares of FUCHS PETROLUB AG have been listed in the Prime Standard of the German Stock Exchange since 1 January 2003. Since 23 June 2008, the preference shares, which are all in diversified holdings, have been a member of Germany's second-largest share index, the MDAX. The MDAX – after the DAX – contains listings of 50 medium-sized German companies predominantly from traditional industry sectors. In the ranking, the FUCHS preference share was able to improve, from when it was included in the MDAX through the end of 2008, in terms of both its market capitalization and its

trade dealings – the two most important index criteria.

*Share buyback scheme: Eight percent of share capital bought back by the end of 2008*

The Annual General Meeting of FUCHS PETROLUB AG held on 6 May 2008 authorized the company to purchase, by 5 November 2009, ordinary shares and preference shares of its own amounting to up to ten percent of the share capital. The corresponding authorization from the Annual General Meeting held on 2 May 2007 would have expired on 1 November 2008. The share buyback scheme started on 10 May 2007. By the end of 2008, the bank which we instruc-



Breakdown of shareholders after calling in bought-back shares as of 31 December 2008.

ted to carry this out had bought back 1,038,450 ordinary and preference shares for a total of € 117.8 million. This equates to 8.0 percent of the share capital. Own shares were purchased for redemption purposes.

#### *Fuchs family has absolute majority of votes after calling in shares*

Taking account of the calling in of those shares which were bought back by 31 December 2008, the proportion of ordinary voting shares which belong to the Fuchs family has increased to 51.3 percent. Together with Gothaer Versicherung, this produces a pool of votes of 59.3 percent of the voting capital. The diversified holdings of almost 70 percent of the total capital (ordinary and preference shares) are spread in almost equal proportions among institutional and private investors. A third of the total capital is held abroad.

#### *Research interest in FUCHS remains undiminished*

The undiminished attractiveness of FUCHS shares was reflected in the continuing rise in the level of interest shown

by investors and in the high level of research activity by numerous research companies resulting from this. Many reputable banks incorporated FUCHS into their research.

#### *Intensive communication with institutional and private investors*

FUCHS catered for the continuing high level of interest in further information and among investors by holding and participating in seven financial market conferences, eight road shows and 150 individual meetings with institutional investors, fund managers and financial analysts in Germany and abroad. The latter were also kept promptly informed about developments at the company with two analyst conferences and three telephone conferences. In terms of communication with private investors, the Annual General Meeting in Mannheim attended by over 1,700 shareholders and guests and the investor information event held in Zurich and attended by over 100 people should be emphasized. The annual report and the quarterly reports were sent out to 13,000 interested parties, with almost half of them being sent abroad. Finally, the Internet

continued to play a very significant role in overall communication with over 400,000 visitors in 2008 (2007: 358,000 visitors).

#### *Awards for successful investor relations*

2008 began with a first place (in the SDAX category) prize awarded for the "Best Investor Relations in Germany" by the financial and investor magazine "Börse Online". In each of the two previous years, FUCHS had come second in this category. This contest gives credit for speed, quality, credibility and intelligibility of communication with private investors and the website as a main vehicle for IR contact with private investors.

FUCHS came in the top four in the survey of 1,500 international institutional investors conducted by the research company Thomson Extel Survey in collaboration with "Wirtschaftswoche" magazine and also in the assessment of 400 analysts and fund managers in a study conducted by the German Association of Financial Analysts and the business magazine "Capital".



At the start of October 2008, FUCHS PETROLUB invited its analysts to Munich to attend the ninth financial market conference with a visit to the leading engine manufacturer MTU Aero Engines.

# Seminar program



Technical seminars and sales training

A C A D E M Y

Offered by the FUCHS ACADEMY

## All FUCHS specialist areas are covered

Everything that the FUCHS PETROLUB Group does to promote the further training of its employees is concentrated at the FUCHS ACADEMY. The spectrum of topics ranges from the correct use and application of lubricants right through to marketing and sales issues.

The maximum number of participants per FUCHS ACADEMY seminar is ten people, who are considered in the order in which their applications are received. Applications can only be accepted through the Group Human Resources Department. Seminar costs are paid by FUCHS PETROLUB. Travel costs and expenses for the participants have to be paid by the companies sending their employees to the seminars. We are happy to accept applications from guests from our customer base, sales training excluded. Depending on requirements and if a sufficient number of participants have been registered, all seminars can also be provided in English.

An overview of FUCHS ACADEMY seminars offered in the first half of 2008 is given below. For further information and inquiries and if you have any suggestions to make, Christine Beck (phone ++49(0)621-3802-167, e-mail: christine.beck@fuchs-oil.de) in the Group Human Resources Department will be available.

### Seminar dates in the first half of 2009

The dates are already fixed for the following seminars; you can register for them right now.

#### "Cooling Lubricants and Lubricants for Metal Processing" (English)

Dr. D. Hörner, Dr. W. Dresel, Dr. J. Schulz (Wisura)

**1 + 2 April 2009**

#### "S.E.T. Sales Excellence Training" Stage 1 / Basis for success in sales conversations (German)

Eugen Erni

**17 + 18 March 2009**

#### "Motor Vehicle Lubrication" (German)

G. Martin and staff

**12 + 13 May 2009**

#### Expert Forum: "Lubrication of Machine Elements" (German)

Renowned Experts from University and Industry plus Dr. G. Kraft

**27 May 2009**

### Technical seminars

Essentially, all the following technical seminars can be booked:

- **Basic Principles of Lubricants and their Application (2 days)**

- **The Lubricant as a Construction Element (2 days)**
- **Cooling Lubricants and Metalworking Lubricants (2 days)**
- **Industrial Oils – Interaction of Mechanics and Chemistry (1 day)**
- **Motor Vehicle Lubrication (2 days)**
- **Industrial Lubricants and Lubricating Greases (2 days)**
- **Expert Forum: Lubrication of Machine Elements (1 day)**

### Sales seminars

There are also a series of sales seminars, for which you can register:

- **"S.E.T. Sales Excellence Training" – Stage 1 (2 days)**
- **"S.E.T. Sales Excellence Training" – Stage 2 / Advanced course (2 days)**
- **"S.E.T. Sales Excellence Training" – Stage 3 / Best practice sales negotiations (2 days)**
- **"S.E.T. Sales Excellence Training" – Focus: Price adjustments (1 day)**
- **"S.E.T. Sales Excellence Training" – Focus: Time management for field staff (1 day)**





The mining industry is a growing market.



Longwall mining, where the FUCHS products are used, is a very advanced technique.



The mining equipment is expensive and requires high quality fire resistant mining lubricants.

## The Mining Division delivers high sales

### Global Mining Division remains on course for growth

Optimism in times of crisis is a rare thing. The management team of the FUCHS Mining Division represents a laudable exception here. "The Global Mining Division will continue to expand this year too", say John Elliott, Martyn Rushton and Stewart Knight with confidence. "2009 will of course be a major challenge for us as well, but we are confident." There are two aspects in particular that give the specialists for the FUCHS mining products grounds for optimism: Firstly, the list of customers primarily includes mines whose coal is used to generate power, and the energy sector, says Martyn Rushton, is not as badly affected by economic slumps as other sectors of industry. The steel industry, for example, which is also a key consumer of coal, experiences a whole host of difficult problems during poor economic times. Secondly, in recent years FUCHS has developed its presence in new expanding markets and is thus more easily able to absorb and compensate for downturns in individual countries.

Elliott and his colleagues can rely here on a range of products catering for every requirement in the mining industry. "When it comes to the HFA mining

fluids, sold under our Solcenic brand, we are the number one in the world", said Rushton. The hydraulic oils are used underground in what is known as longwall mining, a very efficient, advanced technique, which however requires the use of expensive mining equipment and hydraulic support units to secure and stabilize the ceilings and thus costs a great deal. "With such high-quality machinery, the requirements placed on our products are of course particularly high, although the operating conditions in mines already present major hurdles anyway", says Rushton in outlining the problems faced. The most important property demanded of the products is low flammability, but corrosion protection and resistance to the effects of water quality are also of great significance. A wide range of fire resistant hydraulic fluids are available, and the different versions are distinguished primarily by their OEM approvals and target market needs.

Driven by the wishes of the Global Mining Management team, once a year, FUCHS chemists from the established markets get together for a practical, hands on, evaluation of all aspects of

Solcenic. Head of the research department of FUCHS LUBRICANTS (UK) Paul Littlely said: "For a whole week, we discuss further developments in respect of this product line but by far the majority of the time is spent in the laboratory



The management team of the FUCHS Mining Division on a visit in China: Stewart Knight (left), Martyn Rushton and John Elliott (right).



The laboratory in Stoke-on-Trent: David Haynes (left), Martyn Rushton and Paul Litley (right).

working as a team, rapidly testing new formulations and putting our ideas to the test. The success of the Global Mining Division is based primarily on this close and trusting cooperation."

The cooperation with colleagues in Mannheim also works superbly well. "We don't have to constantly try to reinvent the wheel", says Litley. "For instance, in the United Kingdom we managed very successfully to introduce the hydraulic fluid Hydrotherm 68 LW, which was developed in Mannheim and allows machines to operate under much higher pressure than was possible previously. Most British mines have now replaced Aquacent HFB fluid which was used previously with this alternative from the so-called HFC-E group."

John Elliott, who is in charge of the Mining Division, is also very appreciative of the work done by the research team. "The range of criteria that has to be met is vast." Just the different temperatures

to which the products are exposed, ranging from minus 30 degrees in Russia up to 40 to 50 degrees in India, for example, present a huge challenge. Another big problem is the fact that in some places the water quality is very poor. "One of our most important tasks is to secure this information for our chemists."

Over half of the Mining Division's sales are generated with the Solcenic product range. The second important range of products is the "Powergear" range, high-viscosity lubricants which have been specially developed to meet the requirements encountered in mines. Another specialist product group within the Mining Division is the tailor made "Centifroth" range of coal flotation reagents.

Elliott, Rushton and Knight consider themselves to be "consultants", advisers within the FUCHS Group. "We offer support and assistance to all FUCHS companies that want to establish or expand their market for mining lubricants", says

Elliott. "We arrange contacts with the manufacturers of mining equipment or provide advice on production." Russia offers one example: Rushton, along with the chemist David Haynes, visited the factory in Yaroslavl and helped their colleagues to get the local Solcenic production operation up and running. "We deliver a super concentrate to the various FUCHS subsidiaries, which then process it further. We test the finished products, help to resolve any problems and remain a permanent point of contact." The Global Mining Division relies heavily on the support from personnel in the established mining countries to conduct field trials and provide ongoing technical support to the developing countries. Engineers from the USA and Australia were instrumental in successful trials in the Chinese market.

Russia is one of the growth markets for the Global Mining Division where in 2003 FUCHS started from virtually nothing. Today the country accounts for over

seven percent of the division's sales. Rushton still well recalls the early days in Kuzbass, Siberia, in temperatures of minus 30 degrees. "Along with the Association of British Mining Engineering Companies (ABMEC), I visited the Rapsadskaya mine which was having major difficulties with the transmission gearbox on its shearer. We suggested that a monitoring laboratory be set up so that such problems could be identified at a preliminary stage." Shortly after this, a contract was concluded in which FUCHS promised to provide its support in setting up an appropriate laboratory and in return for this Rapsadskaya agreed to use FUCHS products on all of the essential equipment in the mine. Rushton and his colleagues compiled a list of all the products required at the mine and the laboratory equipment required to monitor the condition of the lubricants – once the money had been transferred – they were shipped to Kuzbass. "I spent three weeks in Siberia, set up the laboratory and trained the employees in the task assigned to them", reports Rushton. The laboratory is run by the Russian UNICS Group, a close cooperation partner of FUCHS OIL RUSSIA.

The Chinese market is looked after by Stewart Knight. In just a few years, business in China has reached a level similar to that in Russia – and this trend is set to increase. The Middle Kingdom was also "conquered" by the mining specialists from FUCHS along with their traditional Western OEM customers from the mining engineering field. "It was in 2003", recalls Knight. "FUCHS was represented at the 'China Coal and Mining Expo' in Beijing and one day we were visited by the chief engineer from the Shaanxi Asia American Daning Coal Company – an American-Chinese joint venture. His wish was to receive a supply of 'this yellow grease that we always use in the USA'." What he meant by this was Renolit LSTO Compound. FUCHS was able to help him and the Daning mine became FUCHS' first total lubricant supply longwall mine in China. The Mining Division is now well established in China and benefits primarily from the switch in mining technology that has taken place in the Middle Kingdom. Thousands of extremely dangerous and unproductive small mines have been closed, and modern longwall mining technology involving the use of state-of-the-art equipment has been

introduced. Today FUCHS supplies its Solcenic product range to around 60 of such "longwall" mines. Ian Wilson, formerly of FUCHS UK, relocated to China and now provides on the ground technical support to the Chinese mining team.

Even though emerging markets such as China, Russia, Poland and Ukraine now generate significant portions of the division's sales, the traditional markets still have the edge. The most important buyer country is the USA, followed by Australia and the United Kingdom. Overall though, and the experts are very confident about this, coal will remain very much hot property and the business of the Global Mining Division is therefore built on a solid foundation. At present, the black gold after oil is the second most important source of energy in the world, accounting for around 25 per cent of the world's energy needs. All the forecasts are optimistic. The International Energy Agency predicts that this figure will rise to 29 percent by 2030.



Low temperatures are no problem for Martyn, here with Nikolai Filippov (FUCHS OIL RUSSIA) in Kuzbass/Siberia.



Martyn Rushton helped to establish a laboratory in Russia.

# Polar bears and skidoos

A manager working for the Global Mining Division has an interesting and varied job and tends to spend quite a lot of his time away from home. But his business trips do not just involve business meetings or visits to trade fairs. The challenges are often very different ones – for example a trip to the Arctic Circle, to the Norwegian island of Spitsbergen.

“Paying a visit to our customer in Spitsbergen presents a considerable logistical challenge”, reports Martyn Rushton. “It takes two days to reach the mine. The main problem is that there is no road running over the glacier behind which the mine is located. So the only remaining means of transport are a ship, a light aircraft and in winter the skidoo, a snowmobile.” But the greatest adventure when you are in the Arctic Circle is encountering the polar bear. The polar bear is the largest land carnivore and has a reputation as the only animal that actively hunts humans. “This is why it is a requirement to be armed in Spitsbergen”, recalls Rushton. And if as a Westerner you do not have a rifle with you, you either cannot leave your accommodation or you must be accompanied when you do so. “My most abiding memory”, says Rushton, “was meeting a charming young Norwegian woman in the canteen at the mine who had

a very pleasant demeanor and was dressed in traditional costume. She seemed very likeable and completely harmless until later I met her again when she was wearing military clothing and was equipped with a pistol belt and a large hunting rifle.”

Despite this, Rushton has fond memories of his trip to the Arctic Circle. “When I was back home, the manager of the mine rang me on one occasion in the middle of the night – as it never gets light there in winter, he’d probably lost all sense of time. In the mine he had found some drums containing our hydraulic oil Solcenic 2020, completely deep-frozen, and it was apparent that they had been in this condition for a number of years. Now he wanted to know what he should do with them.” Rushton advised him to allow the fluid to thaw out and then use it in a completely normal way. Ultimately, Solcenic is able to withstand temperatures of as low as minus 30 degrees. “And this did in fact work.” The customer was delighted with this. Ever since, a calendar from Spitsbergen has hung in Martyn Rushton’s office in Stoke-on-Trent in England and head of research Paul Littley is also delighted – when he receives Christmas post from Norway.



The barracks of the Spitsbergen mine are situated in a completely lonely region.



The entrance of the Spitsbergen mine.



Skidoos are one of the few means of transport that can be used in Spitsbergen.

## The Global Mining Division

- The management team of the FUCHS Mining Division has been in place since 2002. It consists of John Elliott, who is responsible for the North and South American market, Stewart Knight, who looks after Australia and the Asia-Pacific region, and Martyn Rushton, who has his office in Stoke-on-Trent (UK) and oversees operations in Europe, India and South Africa. The competence centers of the Global Mining Division are located in the USA and the UK.
- The key markets are the USA, Australia and the United Kingdom.
- The most important products are the Solcenic fluids, hydraulic oils which account for over half of all sales. These HFA fire resistant fluids are used primarily in longwall mining roof support systems.
- The Solcenic team of researchers, headed by Paul Littley is made up of Mr. David Haynes (United Kingdom), Dr. Ching Lin and Bryan Woodring (USA) and Wayne Pearce (Australia).



# Not everything is as laid back as it seems

*FUCHS is a globally operating group with customers all over the world. But expert know-how alone is not sufficient to be successful in the business. Just as important, is an awareness for foreign cultures. Today, our focus is the U.S.A.*

John Elliott, an American, is at the spearhead of the Global Mining Division, which he manages jointly with British Martyn Rushton and Australian Stuart Knight. All three of them share Anglo-Saxon roots, nevertheless, each of their home countries has its idiosyncrasies, and so does the U.S.A.

Foreign culture? That is not really the term we would use to describe the American Way of Life. We all seem so familiar with it from Hollywood movies and TV series. We are up-to-date about the latest music trends, and, at least occasionally, we satisfy our hunger at McDonald's and Burger King.

**There is no business without them: take business cards**

American lifestyle is also reflected in the dress code. Whereas German executives suffer wearing suit and tie or the "little black dress" in hot temperatures, the Americans wear "business casual"; i.e. up-scale but casual apparel.

Or take business cards: there is no business without them. They are passed around before every meeting and then, sorted neatly and

spread out next to the business documents. Prior to talking business and negotiations it is customary in the U.S.A. to do some small talk which usually follows certain

**Small talk usually follows certain patterns**

patterns. The "nice to see you" addressed to a foreign business partner is usually followed by a "where are you from?". When being asked that question, the foreign guest should be well aware that most Americans have limited knowledge of European or Asian geography. After all, Europeans and Asian are not exactly experts on Michigan or Kentucky, either. As someone coming from Mannheim, you will make Brownie points, if you relate your residence to Heidelberg or Frankfurt.

**Common ancestors are a harmless and popular topic**

In a traditional country of immigration like the U.S.A. common ancestors are a harmless and popular topic. Many U.S. Americans

have their roots in Europe and proudly like to mention the names of their ancestors, and the towns they came from. If you tell a savvy business woman from the East Coast, named "Gretchen", that, in Germany, her name has become immortal through Goethe's drama Faust, she will be more likely to forgive you when you take the "menu" in a restaurant for a meal and stay cool when you scrimp on the tip, which is expected to be 15-20 percent of the amount invoiced.

**Americans address known business partners by their first name**

She may even tolerate, if brochures and letters of her German business partners do not fit her American size folders or drawers. U.S. letter size is shorter but wider than DIN A4. This should be considered, when you first contact U.S. companies, otherwise you run the risk that documents end up directly in the recycling bin. By the way, in letters, emails and also face-to-face, Americans address known business partners by their first name – a custom now prevailing in many other countries and also becoming increasingly common in German companies.

# Successful implementation of SAP at FUCHS EUROPE SCHMIERSTOFFE

**A tremendous task was tackled with the implementation project**

*After a project duration of almost two years, the implementation of SAP R/3 heralded a new era for FUCHS EUROPE SCHMIERSTOFFE (FES). Based on an AS400 IT topology, all business processes have been converted to SAP in a*

*so-called "big bang" – a concerted action. With the implementation of SAP at FES, all large manufacturing companies of the FUCHS Group in Europe now use the same, highly available ERP systems.*

The implementation project at FES was a herculean task, because before FES opted for SAP, it had already used a highly integrated EDP system. It was imperative to maintain this integration but also to make business processes safer. The managing directors Dr. Lutz Lindemann and Dr. Ralph Rheinboldt had set ambitious targets to future-proof business processes which meet even the highest customer demands.

#### Here are some examples:

- Implementation of batch management for raw materials
- Implementation of active batch management for finished products to track all customer deliveries
- Migration of a laboratory EDP system only partially integrated to a fully integrated SAP lab information system for quality control, service lab and R&D
- Implementation of a production planning system under consideration of production and filling capacities available, production, filling and lab approvals as well product and raw material compatibilities
- Complete conversion of all materials management systems to an exclusively batch-based warehousing for each storage location
- Changeover of warehouse organization to two-step raw material procurement to the production storage locations
- Integrated bulk material processing with processing steps weighing at arrival and departure, production/filling, lab approval, manufacturer inspection certificate
- Implementation of a new system to document all parameters relevant for each production/filling process
- Integrated solution for complaint management
- New system for the provision of information for sales and the inventory and receivables management as basis for a Europe-wide solution
- Guaranteed compliance for export sales
- State-of-the-art authorization concept
- Parallel change-over of the PARAFUID accounting software to SAP R/3



For each container, Jürgen Mädler prints a label comprising all logistics processing information by "docking" the pallet at the picking work station.



The planning results derived from the material requirement planning run in the morning are displayed to production planner Andreas Heim on an APO planning board for further fine-tuning.

### All business processes had to be documented and defined

Considering the additional requirements, a project team headed by Gerhard Wenzel started by documenting all existing corporate business processes and defining the additional processes according to the aforementioned objectives. This catalog of requirements was compared with the SAP system used for FUCHS EUROPE in order to compile the so-called delta list. At this point of the project, numerous processes were aligned with the existing SAP processes.

Gerhard Wenzel was in charge of the entire project and collaborated with a



The test job screen indicates lab assistants Ardeana Mimini and Daniel Diehl the test jobs, automatically generated from the production and filling process.

project management team composed of Ralph Rheinboldt, Dieter Meinecke, Thomas Engelhardt and Dirk Sailer. This project management team reported to the Steering Committee (Dr. Alexander Selent, Dr. Lutz Lindemann and Bernd Rothacker) at regular intervals.

A crucial success factor was to appoint the key users in each individual business division because they were not only responsible for the design of the business processes jointly with the EUROSAP consultants, but were also responsible for training, documentation and internal communication. Altogether, 25 key users were appointed and relieved from their day-to-day work as far as possible to be available for the implementation project throughout the duration of the project. The EUROSAP team scrutinized the requirements, implemented them, and, in addition, guided and supported the external consultants and ensured permanent know-how-transfer to the key users.

### Training for 430 users

On top of the immense work volume of the key users and the EUROSAP team, all end users had to be trained appropriately. Currently, 430 employees are users of the SAP system. Some of them were trained individually, others in groups. Extra rooms were set up, where end users could be trained secluded from the daily stress. In the phase directly before the kick-off, a project center was established in addition where all integration tests took place.

Crucial for "going live" was to make sure FES could always ensure unrestricted readiness for delivery. Since at that time FES was operating in three shifts including Saturdays, there was no cushion to compensate for possible production standstill or delivery failures. Therefore, all business processes had to be up to par at the "going live".

## Successful kick-off with many SAP modules

Finally, on 1 July 2008, the project was kicked off with the SAP modules SD (Sales & Distribution), FI (Finance), CO (Controlling), AM (Asset Management), BI (Business Intelligence), APO (Advanced Planning Optimization), LE (Logistic Execution), GTS (Global Trade Services), QMLIMS (Quality Management Laboratory Management), DM (Dispute Management), WM (Warehouse Management), EDI for the communication with our customers and XI (Exchange Infrastructure) for the internal communication with systems such as TKW Control etc., PI (Production Information) Sheet, BUM (Authorization User Management), MM (Materials Management), PP/PI (Production Planning/Process Industry).

Due to the high integration level of the implemented processes, Gerhard Wenzel and his project team worked on improving and expanding the system. In view of the pending implementation of SAP R/3 at FUCHS OIL CORPORATION (PL), the project activities for FES will be concluded in the following months.

The implementation of SAP at FES offers a number of options to implement additional functionalities of other subsidiaries already using SAP. With the BI System, implemented at FES, a standard was set, which will eventually be applied by all European subsidiaries.



Members of the OFZ: (from left) Thomas Engelhardt, Dieter Meinecke, Dirk Sailer, Dr. Ralph Rheinboldt and Gerhard Wenzel.

## FUCHS International Company Directory 2009: New edition now available

Now that the FUCHS companies' contact data have been updated, the new edition of the FUCHS International Company Directory is available in hardcopy. Furthermore, address changes occurring during the year will be continuously entered and updated on our company website ([www.fuchs-oil.de](http://www.fuchs-oil.de)) under the heading 'FUCHS worldwide'.



The new FUCHS International Company Directory is available.

The directory can be ordered now through the FUCHS Communication Service or over the intranet ([www.fpint.com](http://www.fpint.com)).

## FUCHS company presentation with current figures

In April a revised version of the company presentation with an update of the financial figures for 2008 will be made available to all FUCHS companies. The chart presentation can also be downloaded as PDF from the intranet.

## USB stick and Penatia writing set were the most popular items in 2008

Last year distinguished itself in the substantial amount of orders for our FUCHS promotional articles. In particular, European companies such as France, Portugal or Spain acquired promotional articles from the most varied of sectors. For this reason, we will of course continue to offer FUCHS companies an attractive and reasonably priced selection of advertising materials in future.

Last year the USB stick and the Penatia writing set by Cross were the greatest sales successes. Furthermore, items such as the Swiss army knife or the torch were also very popular. In the giveaways section the FUCHS ball-point pens and baseball caps, in particular, were in demand. The new advertising materials catalog 2009/2010 is planned to be available in June.



Role model: apprentices of the Mannheim car dealership Ernst are proud of the sign "This business trains apprentices". Owner Dieter Ernst (front right), Stefan Fuchs (left) and President of the Central Association of German Motor Vehicle Trade, Robert Rademacher are pulling together for education.

## Opening the throttle for education

### Joint service initiative of FUCHS and the Zentralverband Deutsches Kraftfahrzeughandwerk (ZDK)

The Mannheim car dealership Ernst was first on the grid. On November 13, Stefan Fuchs and Robert Rademacher, President of the Zentralverband Deutsches Kraftfahrzeughandwerk (Central Association of German Motor Vehicle Trade) handed Dieter Ernst, owner of the car dealership, a large sign that read "This business trains apprentices". Clearly visible for everyone, the sign will convey the industry's commitment to train apprentices. By the end of 2009, around 20,000 signs will be handed out and demonstrate for customers, that 95,000 young professionals speak for the leading role of the motor vehicle trade in the training of apprentices. In each year of training, 25,000 certified car dealerships and repair shops are committed to train apprentices. Around 30,000 young people are hired and trained for technical and commercial professions.

With the sign, FUCHS and the inter-trade organization are off a flying start to a great initiative which emphasizes the opportunities car dealerships and repair shops can offer young people. In order for car dealerships and repair shops to expand education and training, FUCHS gives them a hand financially. For each liter of engine oil sold by a certified garage, FUCHS contributes up to four cents, money directly going to the apprentices. In 2008, more than € 90,000 was raised that way.





ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA is growing at a fast pace.

## German visitors at the Yanbu plant

### New tanks and expanded warehouse inaugurated

Throughout 2007 and 2008, ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA (AFPSA) was the fastest-growing company in the industry – not only in Saudi Arabia but the entire Middle East. In order to keep pace with this growth, the executive management has completed the first phase of a three-year plant expansion project in Yanbu. An additional base oil tank with a capacity of 1,500 tons and two additive tanks, 110 tons each, were erected and are fully operational. The expansion of the warehouse by 3,400 square meters was also completed on schedule.

On 19 November 2008 Stefan Fuchs and Alf Untersteller, member of the Group's Executive Committee, visited the AFPSA blending and grease plant in Yanbu to pay tribute to the end of project phase One. The visitors from Mannheim were accompanied by CEO Mezahem Basrawi, Zafar Talpur (Manager Marketing) and Dr. Ibrahim Missaoui (Manager Finances). At the plant in Yanbu, the delegation was cordially welcomed by Mohammed Hanif Sattar (Manager Engineering) and plant manager Yasir Adel Al-Quasmi.

Stefan Fuchs (with scissors), Alf Untersteller (on the right, behind) and Mezahem Basrawi (fourth from right) inaugurate the new facilities at the Yanbu plant.

During a presentation, Mohammed Hanif Sattar gave account of development and growth of the plant in Yanbu during the past 20 years. Afterwards, the visitors toured the modernized blending and grease plant. Then, the new base oil and additive tanks as well as the new warehouse building were inaugurated. Stefan Fuchs, Alf Untersteller and Mezahem Basrawi jointly cut the pink ribbon.

The visit was rounded off by a lunch in the plant's canteen. In the course of the event, Stefan Fuchs recognized the achievements of AFPSA as one of the foremost subsidiaries in the FUCHS PETROLUB Group. Afterwards, Mezahem



FUCHS is on a course of expansion in the Middle East.

Basrawi thanked the plant management and the entire work force for their commitment, their efficiency and the quality of their work.





Raising a glass to ten years of FUCHS in Macedonia: Numerous guests accepted the invitation to attend the anniversary celebration in a restaurant in Skopje.



Delighted at the success of the event: (left to right) Goran Kormusoski, Managing Director, Christian Ohligmacher, Vice-President Central & Eastern Europe, Lile Ilievska, Financial Manager and Ljupco Ginovski, Sales Manager.

## Ten years of FUCHS in Macedonia

### Over 110 guests attended the anniversary celebration

With over 110 guests present, FUCHS MAK DOOEL raised a glass to celebrate a proud anniversary: FUCHS has had a dedicated subsidiary company in Macedonia for ten years now. Many customers, business partners and even a delegation from the German Embassy came on 30 September 2008 to share in the celebrations. Representatives from almost all the leading companies in the country took the opportunity to offer their congratulations. The guests included representatives from the energy provider ELEM, the industrial companies FENI (iron-nickel manufacturing), RUEN IT (clutches), Skopski Leguri, Indo Minerals and Metals, MZT HEPOS and the construction company JP Makedonija pat. The invitation to attend was also accepted by representatives from the automotive industry such as MAKAUTOSTAR, the representative office for Mercedes & Mitsubishi, PORSCHE MACEDONIA (VW, Audi and Skoda), the Macedonian Automobile Club AMSM and also Macedonian Railways and JSP Skopje, the company which runs local public transport in the capital. Political figures from the ministry of economics and scientists from Skopje Technical University also attended. The leading newspapers and local TV stations were also present.

Christian Ohligmacher, Vice-President Central & Eastern Europe, welcomed the guests in a restaurant in the Macedonian capital Skopje and in his opening speech he described the way that FUCHS had developed its operations in the country in South-Eastern Europe. The FUCHS MAK team had organized everything perfectly and the many guests took advantage of the opportunity to network and discuss business while enjoying first-class musical accompaniment – including a marvelous performance by a string quartet.



## FUCHS also present in Pakistan

FUCHS no longer have their own subsidiary in Pakistan but the FUCHS logo continues to be omnipresent. It is the FUCHS licensee Hascol who ensures that the FUCHS name is represented nationwide in the Asian country. A few years ago Hascol took over the then FUCHS OIL PAKISTAN – and profits enormously from the good image of German products. 'German technology speaks for itself – high performance gasoline engine oil' can be read on the advertising posters displayed at the 100 gas stations belonging to the company, where Hascol sells the locally produced FUCHS products.



The new bascule bridge in Leixoes harbor is one of the most spectacular constructions of its kind.



The aggregates for the Leixoes bascule bridge are driven with RENOLIN B10 hydraulic oil.

## RENOLIN B 10 lubricates fourth largest bascule bridge in the world

### FUCHS LUBRIFICANTES UNIPessoal participate in the Leixoes harbor project

For over 45 years the old Leixoes harbor bascule bridge, nine kilometers north west of the second largest Portuguese town of Porto, had performed its task – then its time was up. Its successor is wider, faster, more efficient – and it is the fourth largest bascule bridge in the world. The roadways are 112 meters long and 10.4 meters wide. Each bridge leaf weighs 510 tons.

FUCHS LUBRIFICANTES UNIPessoal are also part of the project's success. The Portuguese FUCHS subsidiary delivered the hydraulic oil, in total 15,000 liters of RENOLIN B, for the two aggregates that Gustavo Cidell, a leading company in the sectors of engineering and hydraulics, had installed. Each

aggregate has a power output of 360 kilowatts and each of the four cylinders weighs 300 tons. The total investment for engineering, project management, manufacturing and installation inclusive of all automation and communications systems amounted to € 14 million.

Leixoes harbor is an artificial harbor on the Atlantic ocean and was responsible for enabling Porto's rise to become a trading metropolis. Following its completion in 1890 the harbor served primarily for the export of port, Porto's most famous product. Today it is one of the most important container ports in Portugal. Cruise ships also like to moor in Leixoes.



### FLT Academy International in Bangkok

For the first time FUCHS LUBRITECH conducted the FLT Academy outside Germany. The Academy was held in Bangkok Thailand for 3 days from October 20 to 22. Representatives of FUCHS Group companies from Australia, Indonesia, Malaysia, Singapore, Thailand and Vietnam as well as the FLT partner from the Philippines attended. The market presentations focused on key growth markets, some of which included LUBRODAL Forging, High Temperature Chains applications, Steel Sector and gleitmo Pastes. The outcome showed that there are many market opportunities which now have to be developed.

# Strategy development from middle management

## How different divisions are learning to pull in the same direction



Every year the divisional managers and department managers from FUCHS EUROPE SCHMIERSTOFFE meet for a "strategy forum" with the managing directors.

Studies show that middle management is the crucial factor in dictating whether and how well strategies are implemented. The example of FUCHS EUROPE SCHMIERSTOFFE (FES) shows how an innovative procedure can be used to ensure that middle managers become key drivers of success.

The two current members of the Executive Board of FUCHS PETROLUB AG, Dr. Lutz Lindemann, who until 31 December 2008 was chairman of the management board, and Dr. Ralph Rheinboldt, chairman of the management board since 1 January 2009, can be rightly proud of their managers. For what has been happening at FES for six years now is unusual if not in fact unique in Germany: Instead of relying solely on traditional personnel development and the usual training courses, the world's largest independent lubricants supplier sent its divisional managers and department managers on a strategy training course lasting for several days back in 2004 – and this is still having an extremely positive impact today.

"Visions, targets and strategies which are defined from the top down are often too abstract for daily operations within the individual divisions and departments", explains head of human resources Christian Klein. Right from the very

outset, he was thus won over by the concept which is advocated by the consultancy group Palatina GmbH and enables managers to develop their own strategy for their divisions, to coordinate them with one another, and to do so in such a way that the whole thing works well.

One particular key factor for success proved to be the fact that the managers did not view their respective strategies, e.g. for the areas of R&D, product management, sales, IT, production, personnel, purchasing or marketing, in isolation but instead presented these strategies to one another and coordinated them on a training course. "This intensive exchange of ideas on the various strategic plans and the breakdown of rivalries between different divisions meant that it was possible for the everyday cooperation between the divisions to become smoother and much more efficient. Inconsistencies were also identified and rectified at a very early stage", confirms Dr. Lutz Lindemann. "And on top of all that," adds Dr. Ralph Rheinboldt, "the divisions synchronized themselves with their plans, which was something that previously we as a management team had always had to do." Both men are particularly thrilled at the fact that all divisions really are now pulling in the same direction in order to achieve

the company's overriding aim, which is to be and to remain the market and technology leader.

In order to continue the process of strategic realignment and to implement annual adjustments to the divisional strategies, the divisional managers and department managers meet with the managing directors once a year for a "strategy forum". Together they analyze the results from the previous year, discuss the updated divisional strategies and coordinate them among one another.

Strategy development from middle management – this has proven to be a real success factor at FES and it also fits in very well with the corporate culture. "Initially we were a little skeptical about whether this approach was right for us as a company which is shaped by its owner, but the success has justified the procedure", report Dr. Lindemann and Dr. Rheinboldt. The company is growing year on year. And the two members of the Executive Board know why: "The effects of the interlinked strategies are so great because tricky decisions are now taken in a more coordinated fashion and the decision-making path is a short one."

However, the dedicated head of personnel development Heike Schönmann is well aware that one should never rest on one's successes. As a key driver of this process, she hopes that continuous strategy development by middle management will become an established practice at FES. There are already initial signs that this is the case: divisional managers who are entwined in very complex performance structures, for example product managers or key account managers, are utilizing the business plans to actively involve their employees in the strategy process. The workshops which have been held in relation to this produce astonishing results and they are very well received by the employees who attend them.



## Major client from Iraq visits Mannheim

Stefan Fuchs (left), Dr. Manfred Fuchs (third left) and Alf Untersteller, member of the group's Executive Committee (right), welcomed an important client from Iraq to Mannheim. Quais Al Rawi (second left) buys FUCHS products every year in a magnitude of 30,000 tons, that he sells on through his dealership network in Iraq. He was accompanied by Mezahem Basrawi (second right), chief executive of ALHAMRANI-FUCHS PETROLEUM SAUDI-ARABIA and FUCHS OIL MIDDLE EAST, his local business partner. The products obtained by Quais Al Rawi come from the Yanbu plant in Saudi Arabia.

## Seminar of the VIETNAM CEMENT INDUSTRY CORPORATION VICEM

Organised with FUCHS LUBRITECH GMBH and their Vietnamese distribution partner THAI BINH ENGINEERING AND TRADING COMPANY in Hanoi, Vietnam

On October 24<sup>th</sup>, 2008, the VIETNAM CEMENT INDUSTRY CORPORATION, together with FUCHS LUBRITECH and THAI BINH, FLT's local partner, invited Cement Technical Training Schools and Training Centres as well as cement related Institutes and Associations to a seminar for Cement Companies. After the welcome speeches by VICEM and THAI BINH, various presentations about FUCHS LUBRITECH's world-wide set-up in the cement industry, related specialty products and engineering services were held by Messrs. Bernhard Biehl, Mark Pobjoy and Klaus Holz.



FUCHS LUBRITECH wants to win new customers in the Vietnamese market. A seminar organized by the Vietnamese cement industry provided a suitable platform for this endeavor.

After the official part of the seminar, in a number of subsequent discussions, numerous plant visits and appointments with interested companies were agreed for the following week. The new contacts and special initiatives are now being followed. All are coordinated by FLT's local partner THAI BINH and supported by LUBRITECH Asia Pacific-Team.

# FUCHS LUBRIFIANT banking on new markets

Meeting with technical directors from France's leading construction companies



FUCHS LUBRIFIANT FRANCE invited representatives from France's construction industry to Paris.

FUCHS LUBRIFIANT FRANCE has a new market in its sights. At the instigation of the export department, on 14 November 2008 the company extended an invitation to the Association of Civil Engineers, which brings together the technical directors of France's most important construction companies. The 25 technical directors who accepted the invitation represented the leading companies in the industry in France such as Bouygues, Vinci, Eiffage, Colas, Razel and Soletanche. These companies operate vast fleets of trucks and in both France and

overseas they use heavy equipment to construct roads, nuclear power stations, seaports and airports. The presentation of the FUCHS concept for lubrication and maintenance and the unveiling of the environmentally friendly products of the future aroused a great deal of interest among all those present. The atmosphere was very pleasant and this provides hope that this new market, which was previously firmly in the hands of the oil companies, might present good opportunities for FUCHS LUBRIFIANT FRANCE to become established.



## Automotive managers meet in England

Lady Doris, the venerable old bus of the Plough Inn pub, not far from the main administrative headquarters of FUCHS LUBRICANTS (UK) in Stoke-on-Trent, has experienced many things. It was back in 1966 that the vehicle was withdrawn from regular service. But now – newly styled – with heating, a refrigerator and television, the old lady is again a popular vehicle booked for special events. This was the case for the FUCHS European Automotive Sales meeting held in October 2008. Lots of European managers came to England for this meeting and they made use of the services of Lady Doris for transportation. Those attending included (from left to right) Jean-Luc Toffolon, Paul Cezanne, Matthias Spethmann, Piotr Krawiec, Jaume Llloch, Erich Schmid, Norbert Schell, Russell Kenyon, Gerd Martin, Thomas Schulz and Cesare Villa.

# Achieving Success and Building for the Future

## National Sales Conference of FUCHS LUBRICANTS in Chicago

Stefan Fuchs gave the key note address highlighting FUCHS' strong international position and plans for continued growth and investment in Europe, Asia and the Americas. L. Frank Kleinman, a member of the Executive Board and CEO of FUCHS LUBRICANTS, highlighted the investments made in people and infrastructure in the USA and stressed the importance of teamwork in helping secure a strong future. President and COO Steve Puffpaff emphasized commitment and hard work as we navigate through a difficult economic period.

These consistent themes were shared with more than 150 guests at the FUCHS LUBRICANTS National Sales Conference held on 30 and 31 January 2009 in Chicago. Attending the event were sales, product management, technical and administrative staff members from the US, Canada, Mexico, Brazil

and Argentina. Also attending were Bernhard Biehl and Klaus Heinlein from FUCHS LUBRITECH.

Following the key note address, Stefan Fuchs honored L. Frank Kleinman for his 25 years of dedicated service to the FUCHS Group through the presentation of a sterling silver salver. Mr. Fuchs recognized Mr. Kleinman for the consistently excellent performance in the Americas and commended Mr. Kleinman on his overall positive contribution to the FUCHS group.

In addition to presentations given by sales, product management, and technical staff, outstanding individual sales performances in 2008 were recognized during the conference. The attendees left the conference confident in their opportunities to deliver results in 2009 and well into the future.



Ken Nakamura shares key success factors when approaching a Japanese owned customer.



Stefan Fuchs (left) and L. Frank Kleinman are pictured here with the recently appointed President and COO of FUCHS LUBRICANTS, Steve Puffpaff.



Kipp Kofsky (left) and Antonio Oliveira, recently appointed Vice President of FUCHS LUBRITECH / Technical Director of FUCHS SOUTH AMERICA, are pictured here at the Welcome Reception.



FUCHS employees from across the globe gather to share information and camaraderie. Shown from left to the right: Chuck Herron – Regional Vice President Mining Sales, Neal Heybeck – Vice President Purchasing, Daniel Woo – Vice President FUCHS CANADA, Pacific Division.



On a clutch test rig the new product undergoes most stringent testing.

## A joint tour de force

**FUCHS EUROPE SCHMIERSTOFFE has developed new automatic transmission oil in record time**

*Trusting, closely coordinated collaboration with the customer during the development of new products is very important to FUCHS. A particularly successful example is the TITAN ATF 4134 transmission oil.*

It was a real feat. In only nine months FUCHS EUROPE SCHMIERSTOFFE developed a new automatic transmission oil for a premium German automobile manufacturer – TITAN ATF 4134. “Normally we have a three-year time slot for the development of a particular product”, said Markus Garb, head of Product Management Automotive (Americas, Asia and Africa) and responsible for the application engineering of automotive transmission oils. “All sectors involved in automotive development, product management, through to test facility and laboratory had to work hand in hand.” With combined forces the challenge was overcome – to the customer’s complete satisfaction TITAN ATF 4134 has already been in use for one year. Moreover, work for the research and development department is further assured. The follow-up project is already underway.

The reason for the narrow time limit: “It became clear, against the background of increased technological requirements, that the predecessor product would have to be developed further. It was also clear, however, that our client needed a rapid solution in

order not to be overtaken by strong competitors within the sector.”

The problem: Germany is one of the few countries without speed limits on the freeways. Cars are often driven at their maximum limit. More and more powerful engines put strain on the transmission and the demands placed upon the oil rise accordingly. It became obvious that lubricants age more quickly under these conditions than oil change intervals allow for.

“We have already been working together with this client for many years. They are satisfied with the quality of our products and our capacity to deliver. This is why, in view of the difficulties, they turned to us”, reports Garb. In one and a half years, according to the automotive manufacturer, the new automatic transmission oil (ATF) was to be put into use. Taking into account the client’s field tests this meant a time frame of nine months for FUCHS EUROPE SCHMIERSTOFFE.

In view of the existing problem, the focus was on improving the friction coefficient. “With a manual gearbox, where the clutch is operated by foot,





people themselves are responsible for the ease with which gears are shifted and there is no contact with the oil”, explained Garb. This is different for automatic transmissions, where for each gear change, a specific clutch is responsible. In order to achieve an optimum shift and clutch performance the friction coefficients must be right. If the values are too low, the clutch will slip, if they are too high, one gets a so-called ‘juddering’ of the clutch. This feels almost the same as if a driver using a manual gearbox lets the clutch out too quickly.

During initial laboratory tests suitable formulations were sought and chemical and physical properties tested. “When constituents of the recipe which influence the friction coefficient are changed, even if only present in small quantities, this has a significant effect upon the rest of the formulation. And,

for example, that instead the wear protection suffers, is, of course, not the point of the exercise”, Garb describes the problem. Around eight to ten formulations were examined carefully and comprehensive studies performed on blends.

Once many so-called promising ‘candidates’ had been discovered the individual active components were put on trial in the true sense of the word in the test shop. How does the new product perform on gears, bearings and clutches are the questions that had to be answered during this phase. “Together with our client we developed completely new testing methods in order to be able to verify the desired friction coefficient on our dynamic clutch testing rigs. On two testing machines we were able to mount the whole clutch package just as it is in the gearbox at the customer’s.” Particularly laborious

are the so-called misuse tests. “Here we test the worst that a driver can do to a gearbox and add another 20 percent”, Garb describes the work in this field. In just a few months the team managed to work through the customer’s entire specification book and, moreover, prepare large sample quantities – sometimes overnight – for field tests and the customer’s own experiments. “That was possible only through hard work in the laboratory. My colleagues did a good job.”

In time for the start of the field trials the formulation was ready and also proved to be reliable in practical tests. “During our development work we were in constant contact with the automotive manufacturer, who appreciated this communication very much”, says Garb. For over a year the initial oil fillings have been running smoothly – not only in sedans but also in the company’s newly developed sports car that is also fitted with a 7-gear automatic transmission.

“The customer has now prescribed TITAN ATF 4134 worldwide for the particular gearboxes – this also opens up new business opportunities for our subsidiaries abroad.” The success of TITAN ATF 4134 underlines the competence that FUCHS EUROPE has attained in automotive transmission oil development and is the springboard to further projects with this and other customers.



The new product: TITAN ATF 4134.

In Germany cars are driven at the upper limit.



Every two years EuroBLECH in Hannover is the centre of the metal sheet processing industry.

## EuroBLECH 2008 heading for a record

### In the anniversary year the signs pointed clearly towards growth

With record numbers, the 20<sup>th</sup> international technology fair for sheet metal processing, EuroBLECH 2008, came to a close on 25<sup>th</sup> October at the exhibition centre in Hannover. 1,520 exhibitors from 38 countries presented products and services involved in the production and processing of sheet metals. Over the five days of the fair, visitors were able to discover a plethora of novelties, improved products and innovative systems. FUCHS' highlight: the new generation of forming pre-lubes.

EuroBLECH with a net exhibition area of 87,700 square meters is the world's largest exhibition in the sheet metal sector and attracted 69,400 trade visitors from around 70 countries up to the close of the fair. In its anniversary year, the leading fair in the sector achieved not only records in the number of exhibitors and the exhibition area but also reached a peak value for visitor numbers.

Traditionally, internationality at EuroBLECH is very high. 2008 was no exception. 44.5 percent of the exhibiting companies and 35.5 percent of the visitors came from abroad. The EU Member States as well as Switzerland were represented most strongly. Participants from Turkey and the Americas were above average.

Participating in EuroBLECH was a great success for FUCHS. The successful presentation of new solutions for corrosion protection, forming and cleaning met with a great deal of interest from part of the trade audience. FUCHS' stand in hall 13 continuously enjoyed high visitor numbers. The next EuroBLECH will take place again in Hannover from the 26 to 30 October 2010.

## Silkolene advertising materials went like hotcakes

### EICMA motorcycle fair in Milan a real success

With its large poster walls and well-lit display cases, FUCHS' stand at the EICMA 2008 motorbike fair at the beginning of November was a big success. The neighborhood was also excellent, beginning with Harley-Davidson, the MG Cagiva group through to Kawasaki and Suzuki. Sandy and Francesca, the two hostesses, presented the Silkolene product range most charmingly.

This year too the riders opened the throttle on the motorbike simulator. Under the motto 'ride and win' the fastest on the simulated race tracks received small prizes. The Silkolene promotional gifts such as stickers, key rings and mouse pads also went like hotcakes.

Numerous contacts and a very positive feedback turned the fair into a great success for all FUCHS group companies involved from FUCHS EUROPE SCHMIERSTOFFE, FUCHS LUBRICANTS (UK), FUCHS LUBRICANTS FRANCE through to FUCHS LUBRICANTES and FUCHS LUBRIFICANTI and allow hope for increased sales and growing brand recognition.

505,000 motorbike and cycle fans found their way to the Milan trade fair centre in November. Among them were almost 54,700 trade visitors. The 66<sup>th</sup> EICMA trade fair comprised a total floor area of 342,000 square meters. The outdoor area for motorbike events alone had an area of 85,000 square meters. Over 1,300 brands from 33 different countries were represented in Milan.



FUCHS attracted numerous visitors at the EICMA motorbike fair with an interesting stand.



Applications for wheels and rails were in the focus of InnoTrans 2008.

## On track to becoming market leader

### FUCHS LUBRITECH presented itself at InnoTrans in Berlin

'Wir schmieren alles – Zug für Zug' (a comprehensive range of railway lubricants) was the motto of FUCHS LUBRITECH's appearance at InnoTrans 2008, the international trade fair for transportation engineering under Berlin's Radio Tower. Many customers and interested persons accepted FUCHS LUBRITECH's invitation and informed themselves about the already worldwide renowned products and product developments for rail transport.

FUCHS LUBRITECH has established itself as the market leader in the area of wheel flange, rail edge and switch lubrication, in particular with environmentally friendly lubricants. Their use eliminates annoying squeaking noises and prevents excessive wear. FUCHS LUBRITECH is very well familiar with all applications covering all aspects of rail technology, whether it be gearboxes, couplings, threaded

connections or roller and friction bearings, and provides the optimum lubricant. Besides the innovative trade fair stand, the new flyer 'Jetzt ist die Umwelt am Zug – Schmierstoffe für den Schienenverkehr' (Now it is the turn of the environment – lubricants for rail transport) created a great deal of excitement among the visitors.

From 21 to 24 September 2008, 1,912 exhibitors from 41 countries presented their innovative products and services in Berlin. A total of 86,519 trade visitors from more than 100 countries came to the trade fair, around 30 percent more than attended the last exhibition in 2006. InnoTrans 2008 also saw a considerable increase in the exhibition area by 50 percent. This makes the leading trade fair for international rail traffic technology one of the largest technology fairs anywhere in the world.

## Welcomed by drummers

### FUCHS successful at the Chinese CIMES & CMTF machine tools trade fair

Chinese drummers provided the entertainment at the FUCHS stand at the CIMES & CMTF machine tools fair, which opened its doors from 9 to 13 October 2008 at the international exhibition centre in Beijing. The musicians attracted many spectators with their rhythmical presentation.

But in fact, of course, it was the FUCHS products why around 33 visitors came to the company's stand every day. As the majority of the 1,345 exhibitors at the 9<sup>th</sup> China International Machine Tool & Tools Exhibition are already customers of FUCHS either as OEM partners or end users or are potential customers, a special incentive had been thought up. Invitation cards with two questions were handed out to exhibitors. A correct answer offered the chance to win a prize. This increased the stand's attractiveness. 500 copies of the flyer were distributed and the data of 350 potential customers collected.



The FUCHS stand at CIMES & CMTF in China distinguished itself with numerous sales promotions.

# MinExpo yields many contacts

## World's largest mining fair in Las Vegas

In Las Vegas, the American gamblers' paradise, it is not just 'goldmines' that are a topic of conversation. There is also lively discussion over the supply of coal. The desert town in the US state of Nevada was the show place for MinExpo last year, where the representatives of the mining industry and their suppliers meet. The 54,000 square meter floor space of the Las Vegas Convention Center was once again completely booked from 22 to 24 September 2008. A considerable number of the 1,200 exhibitors had to content with alternatives outside the centre.

Not so FUCHS: The attractive two-floor stand with an area of 144 square meters attracted the international visitors, of



The MinExpo is the world's largest mining fair.

whom around 30,000 had come to Nevada. FUCHS received inquiries from Canada, Russia, China, Peru, South Africa, Trinidad and Tobago, India, New Zealand and, of course, the USA. One was able to retreat to the second floor for a quiet conversation with clients and, at the same time, enjoy a great overview of the

show. 14 collaborators from the USA and 12 from other FUCHS companies took care of the visitors. FUCHS also used the MinExpo for the annual meeting of the mining division with 12 participants from Australia, Singapore, China, Poland, Russia, the Ukraine, India, South Africa and Great Britain.

# FUCHS flies the flag in Cairo

The FUCHS logo also shone at the 'Gas Tech' in Cairo. The Arab Company for Petroleum Industries, a long-standing partner of FUCHS, was represented at the fair in the Egyptian capital from 27 to 29 October 2008 and presented the FUCHS product range with great success and excellent feedback. The exhibition with around 2,500 visitors took place for the fourth time already. Gas is an important export commodity for the North African state.

