

# ■ Successful factories are smart and green

Smart factory and green solutions are the keys to manufacturing success and staying ahead of the curve



Markus Glaser-Gallion is the visionary CEO of the Leadec Group who has worked to establish the company as a premier global service specialist for modern and future factories. With a background in management at Voith Industrial Services, Markus has expertly guided Leadec through significant growth and development. In 2015, he took on the role of chairman of the management board, and since the company's acquisition by Triton in 2016, he has served as CEO.

Leadec is the leading global service specialist for factories across the entire life cycle and corresponding infrastructure. Headquartered in Stuttgart, the company boasts a workforce of 20,000 and generated sales of around EUR 1.1 billion in 2022. With 60 years of experience supporting customers along the entire production supply chain, Leadec offers services at over 300 locations, often directly on-site at customer facilities. With Markus at the helm, Leadec remains ahead of the curve in the manufacturing industry. In this interview he shares his insights with us.

**What does success mean in your business, and how do you measure it?**

I consider it a great success that we, as a company, have succeeded in accompanying the automotive and manufacturing industry in its transformation and in reinventing ourselves again and again in the process. Leadec was founded in 1962 as a boiler cleaning company and has undergone a comprehensive transformation over the past 60 years. Today, we offer services across the entire life cycle of the factory – from planning to end-of-life. We ensure that all technical processes run smoothly at more than 300 sites worldwide and that factories are fit for the future. Our longest customer relationships have lasted for 60 years, and our contract renewal rate is over 90%. Creating a successful, proud, and growing team within a safe work environment is essential in measuring our success.

**What areas of business and industry are destined for future success?**

We see the automotive industry's transformation to e-mobility as a great opportunity and a real growth market. Our technical services are needed more than ever in the battery environment, and the industry has been forced to transform and rethink the automobile from the ground up. The product, the design, the associated supply chain, the factory layout, the machines, and the systems have all had to adapt or change. And, above all, the workforce has and will have to adapt to producing new and different cars than before. At Leadec, we accompany this transformation right from the start with our engineering, automation, and operating concepts. Once the factory is up and running, we also provide site services such as facility services and maintenance. Inside, we take care of the assembly of the battery components, complete batteries, and vehicles.

In addition, producing cells and batteries is a new industry that is developing, especially in Europe and North America. These companies need support in industrialising their production. We see ourselves very well positioned in the planning, automation, and conversion of e-car production lines and in the ramp-up, operation and maintenance of new plants for battery cell production and battery system assembly.

**Your tagline, “we love your factory,” emphasises that you work with all types of factories to ensure their businesses remain successful. Can you tell us more about other industries in which you create value as a service specialist for the factory?**

Yes, automotive remains the core of our business. However, we have broadened our strategic base in recent years. Our strategy focuses on companies from the warehouse, parcel distribution centres, and fast-moving consumer goods (FMCG) sectors, as well as others from the manufacturing industry. We benefit from our experience in the automotive industry with its very high standards in these sectors. In 2020 we acquired Diversified Automation, an automation controls and software solution provider in the US for the parcel industry, a market segment thriving due to the growth of e-commerce. We are now working on bringing this expertise to parcel distribution companies in Europe and offering them our on-site services, allowing them to focus on their core competencies.

**In 2022, you added Green Factory Solutions to your range of services. What role does sustainability play for your company and your industry? Can you tell us more about this concept and how it has added to your customers' success and to the environment?**

Sustainability plays a major role in our portfolio and our corporate processes. We are continuously working to reduce our own environmental footprint through annual energy savings of 20% or a high waste recycling rate of 92%. Leadec provides green services throughout the entire life cycle of the factory. So we understand our customers' challenges in achieving sustainable production and incorporate our experience into Green Factory Solutions. With these green factory solutions – which mean less waste, emissions, or energy consumption – we enable our customers to achieve their own goals around sustainability. We are constantly expanding our portfolio to be a strong partner and support our customers on their way to becoming a zero-emissions factory.

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For our achievements in the area of sustainability, Leadec was awarded a silver rating by the independent rating agency EcoVadis. The ranking provides customers and partners with transparency on how we exercise our responsibility regarding the economy, social issues, and

the environment. Sustainability also plays an increasingly important role in the financial market. We are very happy that the Sustainalytics rating agency has rated Leadec's risk of significant financial impact from ESG criteria as low. In the commercial services category, we hold a top global ranking of third out of 183. Additionally, we are the first company to enter an ESG-linked factoring agreement in Germany. The principle behind the innovative ESG-linked factoring model is simple and transparent: the more successful our commitment to sustainability is, the more favourable the financing becomes.

### **What sustainability challenges do your customers face?**

Greater sustainability in production is one of the core objectives of manufacturing companies, and this can be achieved, for example, by using renewable energies, minimising waste, and emissions, or using power more efficiently. Due to the number of different regulations, many customers also need advice on how best to implement their objectives. Detailed production processes need to be thought out right from the start, and a sustainable approach must be consistently pursued to the finished product to achieve a high sustainability standard.

Firstly, all manufacturing sites have energy-intensive areas, such as the pressing plant or paint shop in automotive production. These are the areas where you can achieve the greatest energy-saving effects. The company's own power plants are often on the premises and often still run on gas. Generating your own electricity from renewable sources can be a major lever. Secondly, there is a lot of potential in avoiding energy losses or increasing energy efficiency in the production process. You can implement solutions such as installing better insulation, avoiding leakages, or using

smart regulations. And thirdly, factories need to avoid producing waste and wastewater. If waste is generated, it should be as harmless as possible; this can be achieved by using sustainable or less cleaning products, as well as by avoiding or reducing packaging, or using reusable materials.

### **How do you help your customers reach their sustainability goals?**

As service specialists for factories, we help our customers improve their sustainable footprint. With the Green Factory Solutions that I talked about earlier, we help our customers on their way to an emissions-free factory and to achieving their own sustainability goals. With energy-related solutions, we are driving forward the decarbonisation of the factory.

As a first step, customers want to understand the energy-saving measures available (Green Consulting), record the associated emissions, and optimise the energy load (Green Reporting). The next step is to return existing heat to the energy cycle through installations such as heat pumps/heat recovery or induction systems (Green Installation).

The second step is to achieve CO2 neutrality. In some cases, customers purchase green electricity; in others, they generate it themselves, through solar plants or wind turbines, for example. Then the electricity is fed directly into production, or charging stations are set up for the forklift fleet, which is converted to electric vehicles. These measures all belong to the area of Green Installation.

At this stage we can already see measurable improvements. Some customers go one step further and completely modernise their factory infrastructure by installing battery storage systems across the board and converting the AC



power grid into a DC grid. Intelligent control systems in HVACR (Heating, Ventilation, Air Conditioning, Cooling, Refrigeration) and lighting are being installed or retrofitted. A few customers take the last step and invest in power-to-X technologies to generate the necessary operating materials from green electricity, such as hydrogen, through electrolysis processes – these improvements we provide within the scope of our Green Installation, Green Metering and Lighting services.

Another starting point is providing circular economy solutions for factory waste. Our Green Waste Services help customers to intelligently record, collect, sort and, if necessary, dismantle waste. Green Chemistry helps to make operating materials in the cleaning process biodegradable and thus prevent environmental harm. With Green Automation, we offer automation solutions for recycling, among other things.

### **What role does M&A play in your further development?**

In 2022 Leadec achieved more than one billion euros in sales for the first time. We will continue to grow both organically and through acquisitions. We have already undergone a significant transformation in terms of the technical focus of our service portfolio and have significantly expanded our footprint, particularly in the US and UK. M&A has been a great way to complement our competencies regarding our Green Factory Solutions. Our approach is to integrate several smaller targets to offer our clients the best solutions.

### **How do you successfully integrate acquisitions?**

The companies that become part of the Leadec Group are very diverse in terms of their size, services, and geographical footprint. We decide in each individual case what the best

integration strategy is. This ranges from the decision for a company to continue operating independently to direct integration or with a certain transition period. This way, they are given optimal conditions to continue to achieve their sales targets. However, one thing is essential to us: not only must they complement our portfolio well, but they must also fit well with Leadec in terms of their culture. We are a people business, and therefore this is a decisive factor. Many of them have been family-owned and are now excited to be part of a bigger group which offers them new opportunities. The integration of different business areas and teams is my passion.

### **On a personal level, has your definition of success changed over your career?**

Yes, it has. When you're younger, you're more likely to have ambitious goals in terms of revenue, customers, or geographic footprint. But over the years, you learn constant transformation is the most important thing. And I am proud to say that we have managed to adapt Leadec to all the changes in the industry or even drive them ourselves. That is why, after 60 years, we are still a reliable partner for our customers and will continue to be so in the future. Because our vision is to be the leading service specialist for the factory of today and tomorrow. ■



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# 10 definitions of success

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