

Human energy: revitalising the workplace

1 August 2013

Related Features

As the effects of the economic recession linger, CEO of Bosch Group Volkmar Denner talks to Barry Mansfield about how the company's soon-to-be recharged working culture will help it energise targeted growth.

For 2012, Bosch Group expects total earnings before interest and taxes to amount to \$1.32bn; however, chief executive Volkmar Denner admitted in January 2013 that cost-cutting measures would be necessary during what was likely to turn out to be "a hard year" for the group.

He added that he was looking at the possibility of introducing more flexible working hours and wages. Denner aspires to make Bosch less bureaucratic and faster to act, naming Google and Facebook as his inspiration. Historically, the company has sought to promote a comfortable work-life balance for its employees, allowing generous terms for maternity leave. Now, Denner concedes that job cuts are "inevitable". 2012 was tough for Bosch as the auto industry lost steam. Its solar division burned through over €1 billion (it reported operating losses of €450 million in 2012 and €560 million the year before) and the group achieved an operating margin of just 2%.

What Germany needs, declares Denner, is "more realism". He stresses that Bosch is a global company and for this reason he doesn't like to over-emphasise the German perspective. "But we must ask questions about the skills we have in this country," he says. "We continue to be a supplier of things. We also develop software platforms to link these things technically, and work to provide services."

A leader in hardware and software

Denner is facing the challenge of making Bosch a leader in each type of product, whether that involves hardware, software or a service. The 56-year-old native of Baden-Württemberg is fond of the company slogan 'Invented for life', but he makes a point of adding "created by people with passion and heart".

Bosch's work must go beyond making money, says Denner. The company should work hard to maintain its reputation as a friendly and open organisation, willing to build new working relationships for mutual benefit; Bosch is already involved in more than 250 partnerships with university departments, research bodies and industry peers.

Denner says Bosch wants to increase the productivity of its plants by 3-5% annually, but sales are unlikely to grow at the same pace due to stagnating European markets. The company has, however, benefitted from a positive exchange rate.

"We must ask questions about the skills we have in this country."

Denner has set the target of getting a handle on fixed costs, according to an article he penned for Bosch's in-house magazine Detonator. In 2013, he does not expect a "thorough recovery. Bosch was too optimistic for the second half [of 2012] and costs were high. We responded with liquidity-saving measures, such as reduced inventories, a reduced budget for acquisitions and adjusted investments. Cuts in research and development [will] be a last resort, though, because that is a short-term response with long-term consequences."

Improved workforce collaboration

Bosch will put its vision for improved workforce collaboration into action at its new premises. By 2015, it will have invested €310m in the 14-building Centre for Research and Development at Renningen, near Stuttgart. This high-tech complex will have the feel of a university campus, and will provide extra floor space of 110,000m² with room for 500 interns, undergraduates and graduate students. It is where much of the materials and methods work, not to mention the software development for networked devices and systems, will take place. Denner's philosophy is reflected in the architecture, with open-plan formats and quick pathway access between the buildings to simplify communication across the previously scattered departments.

"We want to contribute to a decrease in the number of motorcyclists killed on the roads."

It is from this centre that the group's top researchers will be looking to advance electric mobility in its "decade of learning", as Denner terms it. He firmly believes that auto manufacturers will buy in key components for electric cars, such as the power electronics, drive and battery, so there are big opportunities for the company.

In addition, the rise of the 'networked vehicle' means not only that the provision of internet access in the car is imminent, but also involves communication within the environment of the car, including other road users.

"We can build our skills systematically," says Denner.

Increased trade with Japanese carmakers

The good news for Bosch is that Asian business looks likely to surge. Denner says he hopes to increase trade with Japanese carmakers as they ramp up the number of common parts across models. Toyota, Nissan and Honda are following in the footsteps of Volkswagen; shared parts mean that suppliers can produce a larger number of fewer parts, thereby reducing unit price. Bosch already supplies anti-lock brake systems and electronic stability controls to Japanese carmakers, and reported an 8% growth in business with them in 2012.

Bosch has also been hard at work on the next generation of start-stop systems, which can solve technical issues and save resources. These include Predictive Powertrain Control, which it developed jointly with Mercedes-Benz for its Actros truck last year. It uses Bosch's own Eco.Logic motion-assistance technology, which analyses navigation data such as gradients and bend curvatures in order to optimise engine and transmission controls.

This information is then combined with manufacturer-specific algorithms for reducing fuel consumption by up to 3%. Furthermore, the developers of the Electronic Stability Program will help to save lives.

"If you know what is currently in the pipeline, you can link the themes together more easily."

"We want to contribute to a decrease in the number of motorcyclists killed on the roads," Denner says. This can be achieved with the use of a miniscule sensor - the size of a mustard seed - that tracks the position of the machine, and intervenes in engine control and braking when necessary.

Denner: insight and influences

Denner's track record within Bosch will support his role as an effective networker. Joining the company in 1986, he was in charge of corporate research and advance engineering, product planning and technology coordination. He later oversaw Bosch's automotive electronics and car multimedia divisions.

"I have the best insight into all the technical developments of the Bosch Group," he says. "If you know what is currently in the pipeline, you can link the themes together more easily."

"The market for decentralised energy management will grow rapidly."

It's unclear whether he has been influenced by the stinging criticism of December's Wirtschaftswoche, in which Hans-Jürgen Klesse and Mario Brück quoted an anonymous insider warning that Bosch was an incapable partner due to its "special corporate culture". But Denner insists he is now "looking for creative solutions, not wanting to follow a linear path of thinking".

He says the group must "deal systematically with networks, because the world is getting smaller. We need to think beyond the boundaries of our business segments, and create new business opportunities."

For example, Bosch is now focused on optimising energy use in buildings, with Denner predicting that "the market for decentralised energy management will grow rapidly". Bosch Rexroth has already been honoured with a ZF Supplier Award for its green industrial control systems, which consume 25% less energy.

Networked thinking

The new world of "networked things" calls for a changed working culture, according to the CEO.

"Networked thinking arises only when you bring together people from different domains," he explains. "You need open and solution-oriented approaches, which are what I'm trying to promote."

Denner set up an intranet forum, where employees gave their views on what should be changed and what should remain the same, and which quickly received 190,000 clicks.

"The review revealed that the most important thing is to improve processes," he says. "We were looking for volunteers, and I was curious as to whether anyone would be willing to take on that challenge in addition to their normal work. The response was overwhelming. After only five days we had almost 700 volunteers."

It's not important who has the idea, but how good it is, says Denner. "It will be an advantage if many workers react as sensors to their environment and report their perceptions directly. The opposite is unhelpful, because then information is filtered through several hierarchical levels.

"You need open and solution-oriented approaches, which are what I'm trying to promote."

"Of course, there are a lot of problems [with analysis], as you have to overcome a flood of information."

Ambitious growth targets

Denner has moved to adapt the company's organisational structure accordingly, setting up a new corporate department called 'user experience' that brings together IT experts, interface designers and prototype specialists for more effective brainstorming and collaboration.

Bosch hopes to apply this system to streamline processes and eradicate inefficiencies, taking advantage of the predicted growth in global GDP to 2.8% in 2013. Year-on-year sales growth for 2013 should be improved, but not strong.

The group's ambitious long-term target for operating profit is 8%, he says, which would see it catching up with rivals such as Conti and Schaeffler. Only time will tell.