



## CONTINENTAL OPENS HPTC

# Research department in factory

**On 7th June 2016, Continental opened the new High Performance Technology Center in Korbach (HPTC) in a ceremonial framework. The company invested about 45 million euro in the new production plant. Thus, Continental created about 80 new jobs at the location in Korbach. According to company information, it extended the workbench of research and development from Hanover Stöcken to Korbach.**



The entrance of the HPTC.

Today, a new chapter in the more than a hundred years old history of Continental's plant will start in Korbach. Today, production of high performance tyres and research will start in Korbach. Test tyres will be manufactured and new production procedures will be tested", said the presenter in her introductory words. Continental plans to produce 350,000 tyres per year for especially powerful passenger cars in sizes from 19 inches onwards in regular series production in its new production plant. At the same time, the "new research department in the factory" was designed to produce test tyres during the testing process, which will be accompanied by developing and testing new production procedures. When looking at the high number of guests and several political and company representatives, the importance of the new HPTC becomes quite obvious. Lothar Salokat, Plant Ma-

nager in Korbach, opened the ceremony and thanked all the involved people for their commitment so that the new centre was able to be finished on time or even a short time before the deadline. Furthermore, Thomas Viesehon, Member of the German Bundestag, Klaus Friedrich, Mayor of Korbach, and Dr. Reinhard Kubat, District Administrator of the District of Waldeck-Frankenberg, took part in the ceremonial inauguration. Afterwards, all the guests were put together in groups for a tour of the production hall. "The HPTC impressively illustrates intensive technological focus as well as consistent further development at Continental", explained Nikolai Setzer, who is responsible for the Tyre Division as member of the board at Continental AG. "This additional and substantial technological milestone stands for another important step for the implementation of our Vision 2025. This will include an international



Symbolic inauguration ceremony: Lothar Salokat, Plant Manager, Nikolai Setzer, Member of the Board, and Georg Reichert, HPTC Project Manager.

and continuous extension of the capacities of our tyre production – here in Germany and Europe as well as in regions like The Americas and APAC. Since 2011, we have worldwide been investing more than two billion euro in production, research and development as well as in jobs and new products."

### First tyre

During the inauguration ceremony, the employee Dennis Brümmer carried in the first tyre produced in the HPTC as a symbol. This

Heating presses in the HPTC.



The first tyre of the HPTC production was carried in.



Political representatives followed the invitation to the inauguration ceremony.



The function of steel cord scissors was explained to guests during the tour.



The guests discovered the HPTC hall in groups.

activity could be interpreted as expression of the high value each employee was considered to have in order to contribute to the success of a company. The tyre was a super sport tyre of the model SportContact 6, especially manufactured for powerful sports vehicles of the upper class. Since August 2015, this tyre has been produced in the plant in Korbach. Dennis Brümmer handed the tyre over to Nikolai Setzer, member of the board at Continental AG and Head of the Tyre Division, Lothar Salokat, Plant Manager, and Georg Reichert, HPTC Project Manager.

According to company information, "Continental also starts the entry of tyre production into digital age with the new high-tech production plant in Korbach". Moreover, "a research department in the factory" was added in the building with a total of 12,000 square metres, in which all the necessary components for tyre production will be manufactured with the utmost precision

by newly developed machines. As already mentioned above, construction of test tyres is supposed to be carried out in order to develop and test new production procedures in Korbach. "Thus, cutting-edge procedures will be used for a thorough documentation of research and development plans. As a consequence, these innovations will internationally be introduced in our tyre plants", illustrated Lothar Salokat, the Plant Manager. For the first time, Continental will focus on a complete network of all the machines in the HPTC via sensors and software, which is labelled with the key word "Industry 4.0". This procedure is able to display all the involved processes and allows a complete documentation of all the production steps as well as of the behaviour of all the materials during manufacturing.

"As a result, our experts in tyre construction, chemistry and physics will be enabled to develop the latest procedures and

to verify their usability for series production of tyres in a detailed way from the very beginning", said Georg Reichert. "From now on, we will be able to carry out the smallest series in combination with machines, which are normally used for tyre production in our group. This means simulating small changes concerning individual materials and productions steps as well as temperatures and time periods during vulcanization and later with finished tyres in driving tests." The final tour of the plant did not only allow a glance at the installed modern machines, but focused on the history of the company too, which has always been looking ahead.

(akl)



A strong team. The experts behind "BRV/BBE Task Force Specialized Tyre Trade" Peter Hülzer (f.l.), Executive President of BRV, Wolfgang Alfs and Gerd Heinemann, both Managing Directors at BBE Automotive GmbH as well as Martin Berning, Senior Consultant and Management Trainer at BBE.



Strengthening core competencies, implementing new target-group-oriented concepts and developing new sales potential – this is considered to be the demanding goal of the BRV/BBE Task Force Specialized Tyre Trade. When offering optimum transparency concerning current conditions in the tyre market as well as active support for developing new business areas to its members, BRV started a cooperation with a strong partner: BBE Automotive GmbH. The company, which was founded in 1982 and is located in North-Rhine Westphalia, does not only cover all the decisive main consultancy areas like research, consulting and training. During the past years, these experts have already been putting their competence to the test either as a reliable partner for solving problems in the automotive industry or as a competent supporter for specialized tyre trade.

### Where will the journey end?

"At the moment, we are facing a probable overproduction of about 16 million tyres. All-season tyres limit profits from services and customer requirements are getting more and more complex", said Gerd Heinemann, Managing Director, at the beginning of the workshop. "Every specialized tyre dealer should immediately start thinking about future strategies." Nonetheless, according to the consultant, most of the companies were not blocked by awareness but by implementation problems. Thus, "we developed together with the BRV the new concept called Task Force, which is supposed to give concrete support at the point of sale."

## BRV-WORKSHOP

# Task Force Specialized Tyre Trade

**In the framework of this year's tyre trade fair REIFEN, the consultancy BBE Automotive GmbH presented together with Bundesverband Reifenhandel und Vulkaniseurhandwerk (German Tyre Retailer and Vulcanization Trade Association - BRV) their latest project, which is called the "BRV/BBE Task Force Specialized Tyre Trade". It has the following expressed goal: supporting companies facing change in this industry with concrete recommendations for action in a strategic and operating way.**

### Unstoppable advance

The experts' glance at the current tyre market reveals above all one aspect: the success of the all-season tyres is unstoppable. Absent winters, increasing supplies of new cars with all-season tyres (at the moment about seven per cent), unbeatable convenience benefits for customers (no storage, no changeover) and continuous quality improvement have provided the all-round talent with an impressive growth rate of ten per cent this year. Those are enough reasons for the Wirtschaftsverband der deutschen Kautschukindustrie e.V. Organisation (German Manufacturers of Tyres and Technical Elastomers Products - wdk) to start a separate segment and no longer count them in the segment of summer tyres. Furthermore, another highly influential top topic seems to have been losing a little bit of ground at the same time: pure online trade. "When looking back a significant increase in multi-channel business can be noticed", added Wolfgang Alfs, second Managing Director at BBE Autom-

otive. "When looking ahead, even big names will have to move, e.g. Delticom has recently focused on further growing online areas like automotive parts and food". Additionally, traditional specialized tyre trade is considerably increasing its online presence.

An analysis of consumer behaviour before buying tyres illustrates how important and indispensable online business has become in the meantime. About 48 per cent, which means every second buyer, looks online for information. Starting with the target group of up to 39 years (62 per cent), then car drivers in the age group 40 – 59 years (49 per cent) and even an overwhelming 36 per cent for the over 60-year-old car drivers. There are as many women as men among the respondents (48 per cent) who gather information on general product and service offers as well as other consumers' experience values before taking a buying decision. 34 per cent explicitly search for detailed tyre prices, 25 per cent for product features, 29 per cent for test results and 13 per cent for corresponding

purchasing sources. "Business activities like initiating contact, preparing offers, selling, scheduling and processing invoices" happen continuously online."

Competitors are fighting for market shares

While car dealers are systematically expanding their tyre business, free workshops have gladly made use of market chances in the area of motor vehicle service. Concerning customer loyalty, additional sales of workshop services and increased workshop utilization due to tyre changes or yield and gross profit – both "market partners" have already noticed the benefits of the tyre business. "The framework has considerably changed for specialized tyre trade. A different focus and reorientation will be inevitable", said the expert Alfs. "We are actually speaking about a paradigm shift: getting away from a focus on gross profit per tyre to gross profit per customer". This is a development, which will also carefully be watched by the direct environment with big attention. The competitors' perception of motor vehicle service activities, which are offered by specialized tyre trade, show impressively how much commitment has been growing. "According to a survey, 38 per cent of free workshops consider specialized tyre trade as serious competitor, concerning car dealers even 53 per cent think in this direction."

### Service, service and once again service

Thus, it was not surprising that the majority of specialized tyre trade considered the segment motor vehicle service as the number one growing area. 47 per cent of the about 2,100 companies agreed to this development. Nevertheless, still 14 per cent were still of the opinion that motor vehicle service



Wolfgang Alfs (Managing Director at BBE Automotive GmbH).

would not be a future topic for them in spite of all the key figures, analysis and industry trends. "We are sure that most of specialized tyre dealers will have excellent future chances", explained the BBE consultants unanimously. Nonetheless, everybody will have to find a suitable individual way apart from internal optimization. Furthermore, this way will consistently have to be followed based on real facts." As a consequence, the consultancy focuses on the respective market and business performance first of all. This process includes having a close look at topics like target groups, catchment areas, surrounding competitors, market share of tyres and motor vehicle service, key business figures, sales/workshop, range of products, personnel, premises and many more things. Additionally, a comprehensive questionnaire will cover more than 150 different individual criteria, which will help fixing the "status quo" together with the company management. Based on checking a strategy and



Gerd Heinemann (Managing Director at BBE Automotive GmbH).

auditing chances, a comprehensive check of options for action will be carried out and respective preferences will be fixed. The goal will consist of a strategic (re-)orientation of the company and individual locations. During intensive consultations and discussions with the management the results will be clarified in detail and summarized in a tailor-made process flow. "We will of course not leave our customers alone in the follow-up change process. We will accompany them and their employees during the implementation process with continuous coaching, training units and individual workshops."

### Undiscovered potentials

Nevertheless, before developing new business areas the automotive experts urgently recommend stressing and optimizing core business areas. "There is frequently a huge amount of undiscovered potential which will have to be strengthened and further expanded before looking at new areas." Not all the companies, however, will get positive feedback after the rating. Selling, giving up or reutilization – in some cases the consultants will even be responsible for facing the entrepreneur with the sad reality and working together on a professional exit strategy. Current projects of BBE Automotive GmbH allow already first insights: "Processes during the changeover period could be optimized and cross selling concerning motor vehicle service hardly ever works", reported Martin Berning, Senior Consultant and Management Trainer at BBE. "Moreover, customer databases often look like cemeteries and marketing is mostly rather unstructured." During restructuring process there will always be resistance – because of both internal and external frameworks. The earlier the industry will start moving the faster stones will be taken from the road.

(cw)

The workshop "BRV/BBE Task Force Specialized Tyre Trade" raised a lot of interest among participating trade fair visitors.

