

Case Study - Kugler Bimetal

74% increase in EBITDA - the real case of a company returning to success.

The Problem

Kugler Bimetal is a Geneva-based company that has been active for 160 years in the manufacture of industrial parts combining bronze, for its tribological capacities, and steel, for its extreme resistance. In addition to an extremely worrying financial and operational situation in 2012, the company is faced with employees who are completely demotivated by a non-existent and incompetent management.

We identified during our immersion in particular:

- Inadequate or absent processes (production, purchasing, maintenance, piloting & reliability of operations, etc.).
- Significant financial losses partly due to EUR dependency but also due to process inefficiencies. In addition, there are managers without managerial skills, with the following internal consequences:
 - Many job mismatches at all levels
 - Disengaged and demotivated employees
 - Silo operation between different production and support functions
 - A latent war between blue collar and white-collar workers

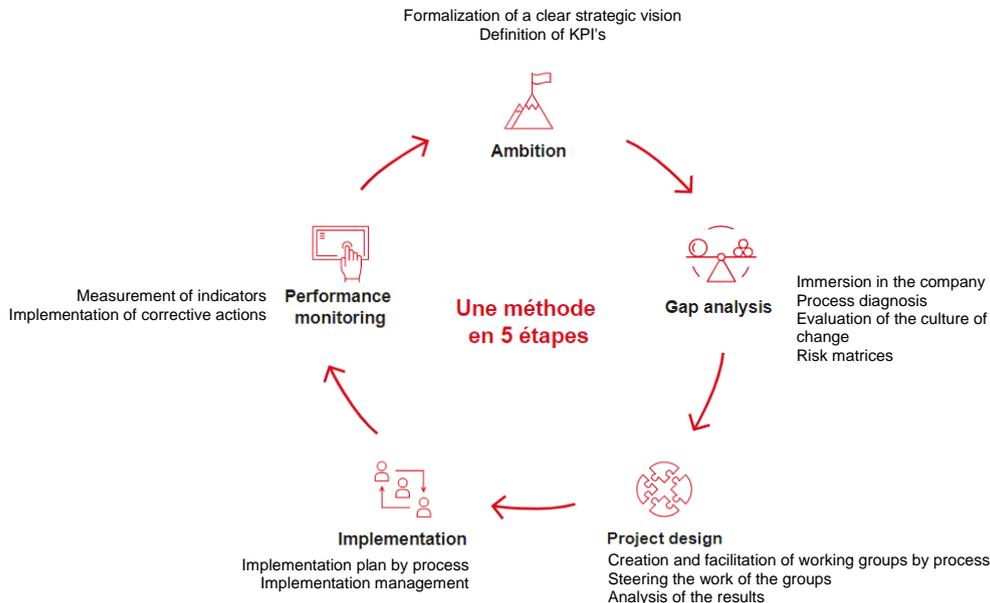
The context of the time also added complexity to the situation:

- Highly competitive and globalized industry
- Production is located in Geneva, one of the most expensive cities in the world.
- 15.01.2015: the SNB abandons the floor rate while Kugler Bimetal exports 80% of its products to the euro zone.
- Maintenance of ISO 9100 certifications (aeronautics)
- Any financial measures taken should dilute family shareholders as little as possible.

The new CEO decides to mandate SHAKE Consulting (now Shake.Swiss) to help him turn the situation around.

The method

Shake.Swiss is using its systematic approach to begin a 6-year transformation that will lead Kugler Bimetal on to the road to success.



Key success factors

Each change project is different, in the case of Kugler Bimetal the following factors were identified as crucial to success. However, they can be applied more broadly to other projects:

1. **Innovation:** Paradoxically it is the tight financial constraints that have favored the emergence and implementation of innovative solutions at all levels of the company. These solutions crystallized in the "project design" phase where key employees collaborated in the creation of processes.
2. **Vision & Leadership:** The CEO must have a clear vision and strong leadership to carry such a large project with conviction over the long term. He must be surrounded by internal and external facilitators, in this case Shake.Swiss, able to propose and implement tailor-made organizational and governance models that are totally innovative and agile.
3. **Compensation equity:** The new compensation model provides for one-third of the distributed operating profit to be distributed equally among employees. This has been instrumental in generating strong employee commitment and a culture of initiative that has resulted in record levels of efficiency.
4. **Consistency and transparency:** A lot of time and energy has been devoted to communication. Particular attention has been paid to the coherence between the strategic vision and all the actions undertaken. Total transparency in information, including financial results, was also ensured.

The result is

1. The company is saved, and its P&L and balance sheet are healthy.
2. She now has a "startup" spirit despite her 160 years of age.
3. It is extremely flexible in a 9100 environment and has easily implemented Lean
4. Continuous questioning and continuous improvement are part of its DNA.
5. It is much more creative and innovative
6. It has an excellent financial performance as shown in the following table extracted from the financial reports:

	% 2017 vs. 2012
Turnover	-13%
Employee Expenses	-29%
EBITDA	25%
Benefits	666%
shareholders' equity	114%
foreign funds	-71%
debt	-82%
gearing	
profit/employee	963%
EBITDA/employee	74%