

## Vanderlande grows against the odds

# ‘Global standardization pays off!’

Vanderlande Industries is one of the jewels in the crown of the Netherlands Inc. The Veghel concern has an international expansion appetite and the wind in the back in various markets for goods processing systems. CFO Herman Molenaar: “You must have guts to persistently standardize.”

Herman Molenaar is a committed and open CFO, exactly as indicated in the jury report of the CFO of the Year election. The conversation soon turns to inefficiencies in Dutch government, which have his warm interest, as well as money markets. “Wasn’t money originally intended as a mere exchange facility?”, he asks himself with amazement doing a quick whiteboard calculation. “Then why should we pay one million Euros, or about twenty man years, in brokerage to borrow 25 million Euros?” Molenaar has an explicit opinion, but does not stop there. “With some peers, I wrote a letter to our Members of Parliament once, presenting ideas to get out of the debt crisis. We were sent a neat thank-you letter with the indication that our wishes were not politically feasible. Such a shame. Why not take good ideas from the market, demonstrating the added value of the government apparatus as a shared service centre of the private sector.”

### Dialogue

Molenaar undeniably has guts. This is apparent time after time in the dialogue with Hans Maeyer, Managing Director European Accounts at Resources Global Professionals. He takes a seat across from Molenaar, bringing in over ten years of experience in interim management and management consulting. An exceedingly interesting discussion follows. About standardization, risk management and the financial function integrated in operations...

**Maeyer:** “You just said that VanderLande has the wind in the back - how can you tell?”

**Molenaar:** “In our biggest market, the market for luggage processing systems, our market share is about 35 percent. This market will keep growing. In Africa, China and India, a rapidly increasing middle class can afford to fly. Furthermore, airports want to and have to enhance their performance towards their customers. Not only in the area of reliability in luggage processing, but also in safety. Also, airports are often the billboards of a country, and therefore must be top of the bill. We benefit from that with our high-tech processing systems.”



We are also very active in the markets for warehouse automation and package sorting systems. Our market share is also growing in these segments. A key driver in that growth is the increase in internet sales. Everything must be sorted and delivered to the consumer at pre-convened times. And customers are continually looking to increase efficiency and flexibility. Our systems support their performance.”

**Maeyer:** “You move between Jeddah, Santiago de Chile and Dubai, Pune and Johannesburg until Moscow, Shanghai and Sydney. How do you explain your success in such international markets?”

**Molenaar:** “Our company will celebrate its 65th anniversary next year, and our strategy has remained approximately the same in all those years. That does not sound very exciting. But it is our source of power. We have had the guts to persistently carry on this strategy all those years. If you have international ambitions that you want to shape in a high-tech niche market, you have to. You will have to be the best. How you do that? Eighty percent of our employees is in touch with customers. The only one who can make you the champion is the customer. That’s where it happens, in the people-to-people collaboration. We have experts that are very proud of their company. Additionally, we implemented one way of working for all our operating methods and systems within 2.5 years, worldwide, with a limited team. We initiated the development based on worldwide comparison of the work processes. We distilled the best practices and we embrace them. Then we took one year for aftercare and correcting errors to improve the management system, and retrospective worldwide implementation of that one best practice that we had skipped in Spain. In parallel, we designed an improvement organization operating on behalf of the entire company, picking up local best practices here and there in order to input these in the management system at a global level. This strong standardization provided efficiency and flexibility. I estimate that seventy percent of the work methods and tools in our company are now harmonized. Business units are now better able to focus on entrepreneurship and spend more time with the customer.”

Employees no longer have to worry about the system. They can present good ideas to the improvement organization that actually acts on them, and we know that worldwide, projects are approached in the same manner. The system also offers us the option of job rotation and accelerated learning. The site supervisor in China can make use of the knowledge of our site supervisor in Kazakhstan and vice versa.”

**Maeyer:** “One Company, as you call it, was a mega project in which you were intensively involved in the combination role of Managing Director and CFO. What did you learn from that project?”

**Molenaar:** “That standardization pays off. We are active in approximately 105 countries. We do not have the resources nor the option to support 105 different ways of working. When companies are globalizing, they first explore the new region. They speak Chinese, use round shovels and keep books from right to left. You often see that companies see that as the starting point. A huge diversity is the consequence, doing the same work in different ways, every time. We chose to have standardization on the inside to enable flexibility on the outside. Bear in mind that the other approach is not in itself a bad thing. We said that during the project repeatedly. There is more than one way leading to Rome, but as a company, you must choose one. One company, one language, one working method and one bottom line. That is what it is about. The great thing is that we can now explain our process to any internal and external person in a nine minute video clip. And with this blueprint, we are able to quickly mobilise and demobilise, in all regions of the world. That is pure profit.”

**Maeyer:** “You can call it guts that you implemented the strategy with extreme persistence. What bottlenecks did you run into?”

**Molenaar:** “The main one is acceptance. We were always doing it right, weren’t we? But for international growth, standardization is required. Gaining acceptance takes a lot of time.

“A communication law says: we have not heard yet, hearing does not mean understanding and understanding does not mean accepting. You must go through that process together with everybody else. The process from preparing an offer up to receiving the last penny is now completely recorded. From Veghel to Sydney... That is the best way of risk management. It is based on what I call trust-based control. Assume that intentions are good, but do check and take random samples. Nothing can be built up without trust. Finance is integrated in the business processes. Is primarily supporting but also controlling. If that train is rolling, you no longer need a risk manager. In brief: work customer-driven, ensuring minimum regulatory impediments to the business.”

**Maeyer:** “During an edition of News Hour on tv, you were one of the examples of Dutch companies growing in crisis times. You were classed as one of the best employers to work for. You clearly are running a smooth operation. Do you actually still have any wishes?”

**Molenaar:** “Certainly. With standardization, we have gone beyond many others. But ask one of our managers, or me, how satisfied we are on a scale from 1 to 10. I’d say we give ourselves a five. We are all sharp and we are eager to improve. We invested large sums in training and the management system I talked about earlier. We can make that investment because all parties involved have a long horizon. Once the system and processes are in order, we are able to better benefit from the enormous acceleration in our markets in the next few years. Our success depends on the people and the collaboration. It is like with an orchestra. You can put together the greatest soloists, but that does not guarantee a fabulous concert. You need the right people in the right place. Our capital is therefore locked into working for and with our customers, together. Really getting to grips with our high tech solutions will easily take up five years. We offer extensive space to employees to develop and mature. People here find an environment that will set them up to shine. Offering space within safe frameworks - that is what we really believe in.”