



# How does a **family** company stay so **successful?**

Tomasz Tarabura, Brand Director at Purmo Radson LVI, is based in Poland but today he is sitting in a family-run ski hotel in Austria to talk about performance. Over the course of our time, he discusses the impressive sales of 2011; the positive outlook for 2012; some revelations in the product pipeline; and an interesting outlook on Turkish competition. But first, he tells us about his encounter with an effervescent Austrian named Chris Fuchs.



“It was part of the process of getting people to work better together,” says Tomasz, “a great initiative in cultural communications from Astrid Tschernitz, our CPO, who observed that sometimes there are tough disputes. Even though it is five years since the brand restructuring, it can be tough working through those disputes to a common understanding. Five years sounds like a lot of time for a constant group of eight people to get to know each other; until you consider the fact they come from all over the world to represent a Finnish company. “At the beginning there were some issues we couldn’t even talk about,” Tomasz says, “but today we have adapted our individual styles to match the group dynamic, and this is part of growth as a team.”

#### A CULTURAL PERSPECTIVE

The cultural communication initiative Tomasz mentions is run by a guru who walks the halls of upper management in many top-tier

brands, giving bespoke workshops on the importance of understanding cultural differences within an international company. “Chris Fuchs has worked on every continent, has a clear insight into different cultures and nationalities, and in his decades of experience has gained the ability to see – and share – the way people from a certain country generally think and act,” says Tomasz. And indeed everyone we talked to at the Management Team meeting in Austria had the same glowing praise, not just for Chris as a speaker, but for the revelations he brought to the team. Being able to have empathy for someone you’re speaking with is a key part of getting a close understanding, which is vital when you’re on the management level of a global family company. This theme of close understanding runs through the core of the conversation, and in fact, is adhered to by all of the Management Team. It seems to be something of a family trait. But before we can investigate what makes a good member of the team, Tomasz is explaining why it’s such a good company.

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“Rettig is one of the most stable and reliable partners in the market. The Rettig family has been in the business for decades, and plans to stay there for many more decades. They have a long term vision, just concentrating on long-term partnerships with our distributors,” explains Tomasz. “Central to this is quality, which is why in every market our products are recognised as best quality. As the preferred brand, we also believe that we should give the next customer tier, installers, as well as our indirect customer, the end user, inspiration. Which is why we use marketing materials that inform and inspire.”

#### BUT EVERY COMPANY SAYS ‘WE WANT TO INSPIRE’ – IS THAT NOT JUST EMPTY MARKETING JARGON?

Tomasz easily resists any urge to feel insulted. Perhaps his workshop with Chris mentioned writers with difficult questions. “Innovation is what we mean, and innovation is what we deliver,” he replies. “Many companies in our industry still offer product-oriented marketing. Just a picture of a product, not showing how it could look in an apartment or a house. We show products how they could look in-situ, we help people to use their imagination to create the picture of how their home could look. Thus, we inspire them. When it comes to heat emitters, we have solutions that are applicable to almost every situation,” continues Tomasz. “We also supply – and in fact now produce – underfloor heating. So we don’t just show a single panel radiator on a wall. Take our brochure and you will see a full range of products and a full range of situations. Inspiration!”

#### AND THIS APPROACH, IS IT WORKING?

“Look at the figures. They are absolutely positive and particularly in the circumstances that Purmo Radson LVI had to contend with in 2011, I think they are beyond impressive. Why? Practically all product groups gave us growth in turnover compared with the

previous year. The last half of 2011 saw an economic downturn across all sectors, yet we bucked the trend in all our groups, increasing our share in many markets, even where we already had a large market share. In one market we are active with branded products and private label business and despite the fact our branded products are more expensive than private labels, their sales increased more than the private labels. This proves, in my eyes, that our marketing concept is indeed working well.”

“Predictions for 2012 are that every industry is still going to be working under a big question-mark” says Tomasz. “The uncertainty is high and we see how reactive stock markets can be. But we observe that more and more customers are convinced of our reliability, our ability to supply – from our comprehensive logistics network. With this, as well as some new products which we are bringing into the market, we’re expecting to see growth for 2012.”

#### SOME PIONEERING PRODUCTS FOR 2012...

“The good thing for Purmo Radson is that sometimes even when the basic products, from a volume perspective, are on a lower level, the business is compensated by value-added items like decorative radiators. These new product families are growing every year, independent of the volume changes in the lower and middle level products,” explains Tomasz. He continues enthusiastically by outlining 2012’s shining stars in the product arena. “We are very confident about the future of our fan convector product, the Vido. The Vido provides heating and cooling functionality and is perfectly suited to heat pumps. The twin ability to heat and cool is made more impressive when you understand that it does so automatically, independently. Of course, when we developed it there was a process of three-cornered compromise for the >>



◀ The Rettig ICC management team in session with Chris Fuchs about cultural differences and behavior (Leogang, Austria)

R&D team to complete; a balance between best output and smallest depth achievable, while keeping it as silent as possible. The final result is extremely positive: an exceptionally quiet and compact unit that has a very competitive output. It has already launched well in some markets, with more to follow.”

**...AND A REVOLUTIONARY CONCEPT OF ‘GUARANTEED COMFORT’ IN A BOX**

“We are also market testing a concept of offering not just heating elements but heating systems - offering whole installations, including the mixing unit, the manifold, pumps, valves, control units and so on,” says Tomasz. Traditionally this area is a source of much effort for the installer, who has to calculate, set, define and test many parameters in order to get the right levels for ideal indoor comfort. This new concept should make the installation process much easier and faster. “We will be offering pre-defined units to the installer, a kind of ‘smart box’ with which he simply connects the heat generator on one side, to the heat emitter on the other. We call it the Plug & Play Installation (PPI), and we’re confident enough about it to say that it will indeed offer guaranteed comfort. It also makes the installer’s job easier and faster, which of course means he can get more jobs done in a day, and thus more profit. And it means a certain level of standardisation; with this system we have predefined levels, with predesigned elements. If something goes wrong, it’s our responsibility to fix it, not the installer’s, so he gets that added reassurance too – a win-win situation for both parties. We’ve tested this successfully already in the Nordics, and now we’re testing it in Germany, a core market.”

“This is a pioneering idea. For the first time in Purmo Radson history we are not selling products in repetitive quantities, we are selling a concept. I would go so far as to say a service. It of course opens doors for us to sell additional elements like multilayer pipes, connectors, manifolds, those types of things, which are a clear business opportunity. But the key

difference is that we’re selling a heating system, not heating elements,” says Tomasz. This sounds somehow like one of those fantastic ideas that is so good it should already exist. “This is indeed the first time that radiators and underfloor combined systems will be handled through a single unit. We will receive concrete market figures at the end of July, but we are very positive about its future.”

**GROWING THE DISTRIBUTOR CHANNEL**

Tomasz is also keen to talk about a growing trend among distributors, one that has been a talking point for many, and a sore point for some, both within and outside Purmo Radson. Over recent years, some distributors took the understandable decision to look for cheaper suppliers. That led them to Turkey, among other places, where they found products that could almost say they did pretty much the same thing. But there was something clearly missing. “Quality, obviously,” says Tomasz, proudly. “The trend has reversed. More and more customers are returning to us, and new customers are knocking on our doors, looking for quality, because that’s what their customers want. So, branded products and private labels are both growing from this. And of course, this quality is supported by availability, and the stability of the Rettig family company. It’s a combination of all these that appeals. People can expect reliable service, reliable delivery and quality.”

When pushed to give figures to support these claims, Tomasz is reluctant at first to release company-sensitive material. “If this sentence gets in to print, then I will have had it cleared by the people who matter,” he says, before continuing. “We’re talking big numbers, between 100,000 and 400,000 radiators, big volumes, opportunities via existing customers in Western Europe alone, where we already have a large market share. There are further opportunities in Eastern Europe too, where we can increase our market share; the Czech Republic for instance, and Slovakia. In Hungary and Romania too, there is a strong presence of Turkish products, so we have an opportunity there.”

If all this sounds like a clear challenge for the competition, Tomasz spells it out even more clearly. “Our products are simply better quality,” he says. “And while they may cost more, we have more to offer to customers, starting with the simple message that it’s not only about price, it’s about value; and that our products have better availability and a broader range. So at the end of the day Purmo Radson is really a natural and positive choice.”

**BUT CAN THE PICTURE REALLY BE SO POSITIVE?**

Amid all these positive signs and glowing predictions, we ask Tomasz if there are any clouds on the horizon, if there is something ahead that threatens the continuing successful performance of the company. “Sales of our products very much depend on demand for new builds and renovations, the markets that define our volumes,” he concedes. “If the economy goes further down, the availability of mortgages will decline, reducing the uptake of new builds. Raw materials too, are a key factor. Any dramatic changes in cost will have an impact, and eventually force us to raise prices, which would make the situation difficult. But this is offset by our solid supply chain, with production facilities in different market economies, ensuring our ability always to meet demand with supply. And if it becomes more cost-effective to produce in a particular local economy, then we will increase volume there for however long. It all balances out, and that’s part of the solid foundation of this company.” And on this foundation there are of course the partners, the distributors, as Tomasz points out. “Very important of course, very important. Purmo Radson distributors are performing well, making good margins, which is satisfying news because it means when they do well, so do we. We have a stable number of distributors in Western Europe, and new partners in the East, such as Richter und Frenzel in the Czech Republic.” >>



*For the first time we are not selling products in repetitive quantities, but we are selling a concept*



*In practically every market we have the reputation of being very friendly, collaborative people*

Tomasz, has covered a lot of subjects, but before he sets off to the slopes with the rest of the Management Team for a well-deserved break from strategising, planning, elaborating and concentrating, he is keen not to miss what he considers the most important. “Let’s not forget people! There are four pillars of our company in our brand strategy,” he says.

“Product Range, Quality, Inspiration and People. In practically every market we have the reputation of being very friendly, collaborative people. Our teams are dedicated to serving customers – distributors, installers and planners – in the best way. We offer technical support, we offer training, and software if needed, all supported by our professional sales people. And they are not only highly trained; they are not only professional; they are also nice people. I hear in many cases from the field, ‘I like your sales director, he’s a good guy,’ and I can’t emphasise enough how important this is in business. Our partners like to do business with our people, and in a world where sales people don’t always have the best image, it’s fantastic to work

in a company where the sales people are well liked. In fact we have a situation in a certain Eastern company with a customer who is actually changing his supply chain in order to switch to working with us. I asked him why. ‘Because I like your people. I like doing business with you.’

This is just one example of the people behind the brand in Purmo Radson. If you talk with some of those involved with this family-owned company, you begin to wonder whether it’s to do with the fact that people know who they are working for, and enjoy it more because it is a family, not a group of anonymous shareholders. “I think it has a lot to do with the corporate culture,” agrees Tomasz. “We prefer to employ people with positive attitudes, friendly characters, a personality that matches the Rettig corporate culture, which appreciates openness, modesty, trust and fairness.” And by the evidence of the day, it’s a culture that the Management Team lives by, with results to prove that it works. ■

DESIGN  
MEETS  
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## PAROS, the new designer radiator with stylish curves

Tinos and Paros are stunning designer radiators that will further arouse the desire for warmth. These heat sources have been designed to win a special place in the heart of your home. While the Tinos evokes a streamlined cubist design through its straight lines, the soft curves of the Paros give added design value to every interior. The choice is yours! Also available in the new trendy matt natural colours.



stainless steel design valve and towel rail are both optional

