

The voice of the family

The Latin “paterfamilias” is, perhaps, no longer a familiar word, but is still the best way to describe the head of a household, a patriarch; which is an appropriate reference to Cyril von Rettig, Chairman of the Board. Not by chance, it is also a fitting description of his CEO for Rettig ICC, Markus Lengauer, responsible for carrying the family flag and steering the company through a crowded market to continued growth. Meeting him, it is quickly clear that the Rettig pillars of product range, quality, inspiration and people are far more than four words on a company profile.



MARKUS LENGAUER

47 years old

Married, father of three children

BORN Linz (Austria)

FUNCTION - CEO Rettig ICC
- Part of the Rettig Group

BACKGROUND

Markus Lengauer studied Mechanical Engineering in Vienna, after which he also gained a Ph.D at the Technical Universities of Vienna and Zürich. During this last stage of his study he started working as an assistant professor at the Institute for Production Engineering at the Technical University of Vienna.

After his Ph.D, in 1991 Markus was hired as a technician by Vogel & Noot AG in Austria, where his career in the heating industry began. In his first five and a half years at Vogel & Noot he successfully progressed through different roles to be appointed in 1994 as Managing Director Technology for Austria and Hungary. At the age of 31, in 1997 he left Vogel & Noot to join McKinsey & Company in Vienna. As a Management Consultant with McKinsey, he had the chance to gain an insight into a variety of - mainly German - companies like Carl Zeiss and Daimler Chrysler.

In 1999 he received an invitation from Vogel & Noot to return as Managing Director of its heating business. At the end of 2001 Markus was appointed as Chairman of the Board of Vogel & Noot when the holding company was split. When Vogel & Noot was acquired by Rettig in 2002, it was pure logic that he was asked to join the Management Team of Rettig ICC, the heating division of the Rettig Group. In July 2004 Markus was officially appointed as Chief Executive Officer of this division, which he has successfully grown into a leading authority in the heating industry.



influences the entire decision making process of the company – the better you know the owners, the better you can act on their behalf.”

RAISING THE PROFILE OF UNDERFLOOR HEATING

This close understanding led in January to the acquisition of Hewing GmbH, a €50 million pipe manufacturer for underfloor heating. But wasn't this a departure from the core business of panel radiators? “I have to deal with that question daily” says Markus, “and the short answer is a resounding ‘no’. To be very clear, when you're talking about heat emitters, radiators and underfloor, it's not a case of ‘either/or’. Right now, it's ‘both’.”

“Look at any company today and you will find an organisational chart, a picture of how the company should look, with the CEO at the top deciding how he wants things and everyone beneath doing what they're told,” says Markus. “I try to do things differently. I am essentially a multiplier of the Rettig family values – an ambassador for their message, their business, with end-responsibility for their money. The Management Team carry their share of that responsibility: when they are given the responsibility to do something, they have the freedom to decide, to act, and to return results to this family business. I exert little influence on the way they operate within their function—it's mainly their decisions, their role. My key function is ensuring that

everyone remains focused on delivering results.”

All of which could sound like the profile of a typical CEO, until you learn more about the particular role Markus has in the family structure. “Last year I was in Helsinki about 20 times,” he says, “keeping the Rettig family up to date with their business. They take an active interest, though they don't influence day-to-day decisions, they do actively stay on top of what's going on, and why. And in the other direction, I communicate to the Management Team on behalf of the family: it's easier to think when you're thinking on behalf of people you know. We know how the owners think – do they like to take risks, do they want to try something new? This

“Rettig ICC has taken a principled stand to focus on heat distribution rather than heat generation. The classic heat exchanger is of course the radiator, with which we have a high market share. But on top of that we also have towel warmers, designer radiators and underfloor. When you compare the market

I try to do things differently. I am essentially a multiplier of the Rettig family values

share of these products with the share of panel radiators, it is substantially lower. So we see a clear opportunity to grow our market for underfloor heating. The issue until now has been one of production: for every product, with the exception of underfloor heating, we had our own production facilities. So the outside world – wholesalers and installers, saw us as producers in these areas, and that perception is an important asset to us. Looking at underfloor, we traditionally only really put together the different parts of a system, sourcing it: we provided the logistics, the calculations, the technical service, marketing and so on. Everything in fact but the product itself. In 2011 the turnover for underfloor heating was €50 million and we decided the time was right to take the strategic decision to take it further. We had two choices: a green-field approach, basically to start production from scratch, or acquisition, and Hewing GmbH was the right fit. So we are in the process of transferring our volumes to this plant, and hope to see our perception in the market change, to one of producer, which tends to have a strong positive impact on credibility.”

A BRIEF LOOK BACKWARDS...

After starting as a technician at Vogel & Noot in 1991, where he stayed for 5 and a half years before leaving as General Manager of one of the divisions, Markus joined global consultancy McKinsey at age 31, honing his management skill-set for a further 3 years. Then came the invitation to return to Vogel & Noot in 1999 as Managing Director of the

heating business, and he later became CEO, as the holding company split and began looking for investors. Fast forward to Rettig and 2002, “...when I became one of about 10 Managing Directors of the various brands at the time. In 2004 I was asked to become CEO of what was at the time known as Rettig Heating Group. And the owners said basically ‘now you have the responsibility – what's your plan?’ So I had to convince them that the story that they had heard until now was probably not the whole story. That my predecessors had told them simply ‘Buy these companies and you will grow, you will be market leader and when you're the biggest, you won't have any problems.’”

And here the clarity of the technician and the strategy of the consultant join forces. “They asked me what I thought about that approach. After having around 2 and a half years of experience as part of that group, seeing how it works, I told them they'd gone a long way, spent a lot of money, but now it's time to stop buying businesses and start integrating. I knew from McKinsey that it's easy to make a slide showing synergies and how attractive they look on paper. The reality is often very different, as it was in this case. Finally we agreed to change the structure of the business and apply a ‘platform concept’. Rather than 10 different brands, we created two brand umbrellas and >>



▲ Markus Lengauer together with his Rettig ICC management team during the MT meeting in Leogang, Austria
Front row LR: Werner Hinterberger, Stig Björkqvist, Astrid Tschernitz, Tomasz Tarabura
Second row LR: Robert von Rettig, Neil MacPherson, Jos Bongers and Markus Lengauer

divided the organisational set-up into front-office (sales and marketing) and back-office (purchasing, production, logistics, and operations). The product design of several panel radiators was changed following the platform idea, a similar approach to that used in the automotive industry.

...AND A GREAT LEAP FORWARDS

“At the end of the day, our plan is to be the partner for all heat exchangers for wholesalers and installers,” says Markus. “We want to reach the perfect position where wholesalers can get everything they need from one source, so they can then offer installers everything their customers need. Today the installer is not just someone who puts things in and switches them on. Things are more complex than they ever were, and when someone builds a house, they need advice and technical service from specialists. Installers sometimes are not equipped with all the technical background information, and therefore our biggest challenge is to help them in that, providing them with the best information and advice. They are above all craftsmen, hands-on people, but they are also businessmen, and we can help them build their business. So we offer training, facts, technical information and hopefully show them ways to increase their margin, their turnover, their profit.”

SOLID PROGRESS, STEADY PERFORMANCE

“What defines us and sets us apart as a company is our predictability, our reliability,”



▶ With a history of over a hundred years of sailing from Baltic and North European ports, Bore offers a vast experience in shipping and chartering to its customers.

Markus explains. “Other companies in our industry are struggling financially, while we have a solid financial basis and the commitment from the Rettig family to invest in further development, such as the recent acquisition, and our new research department to open later this year. It will be a key investment, detached from R&D and focusing purely on harvesting information, processing knowledge, creating ideas and keeping us at the industry forefront, with support from the academic world, local governments and technological institutes.”

And the wider picture, the future for the company as a whole? “Ah, our vision – we don’t think in classic 12 month periods,” says Markus, with a nod to the paterfamilias in Finland. “Last year Rettig bought two new

ships, and at the naming ceremony, Cyril von Rettig was asked about quarterly results. “For Rettig” said Cyril, “a quarter means 25 years.” ■

*For Rettig,
a quarter is
25 years*



TINOS, the new designer radiator with sharp, clean lines

Tinos and Paros: two beautiful designer radiators where design for life meets desire for warmth. They have been designed to win a special place in your interior. With its clean straight lines, Tinos is an expression of minimalist cubist design, while the soft rounded forms of Paros give added designer allure to any space. The choice is yours! Also available in new, fashionable matt natural colours.



Design valve and towel rail (stainless steel) both optional

