

Assignment: Strategic Management

Strategic report on more personalised customer care

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Executive summary

The prosperity of our group, looking back on a 100 year history, is at stake as probably never before: The world is ever more rapidly changing and the recent COVID-19 pandemic gives it an extra spin. We observe a dramatic change in the customer's behaviour and expectations. We cannot stand still but have to react on the developments with a new strategic direction to deliver innovative customer care.

This report was prepared by the emergency project team who, following the introduction (Section 1), carried out strategic analyses and carved out strategic options using strategic management tools (Section 2). The conclusions were partly alarming, partly promising (Section 3) and were used to compile recommendations (Section 4) which include the formulation, evaluation and implementation of a new strategy as well as the establishment of two new central services, namely strategic management and digital solutions. The Appendix of the report provides some background information of the group.

The new strategy proposes an innovative customer care by hyper-personalisation. For this purpose, the more or less existing capabilities and setups in (i) customer relationship management, (ii) building information modelling and (iii) mass customised manufacturing have to be refined and combined. After successful implementation of the new strategy, we can provide our customers a tailor-made service with seamless communication and tracking, allowing us a perfect customisation of our products when fully utilising our technologies. Turning the new strategy into reality is a challenge and we need talents to master it. Ultimately, however, we will have used COVID-19 as an impetus to change our strategic direction for a sustainable future of our group.

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1 Introduction

Recently, our group experienced a successful re-organisation when the group of three formerly independent companies were consolidated in a multidivisional structure led by one board (Figure 1). For this purpose, the functions of all three companies were structured identically in 'engineering' for the development and maintenance of our products, 'technical advice' for supporting and consulting the customer, and 'manufacturing' for the fabrication of the products. The other functions, that are HRM, IT, purchasing, finance, and product management, were merged as central services and report directly to the board of the group ever since. The formerly co-owned distributor was integrated as a new sales company. All these changes enhanced the capabilities of our group and made it clearly more powerful.

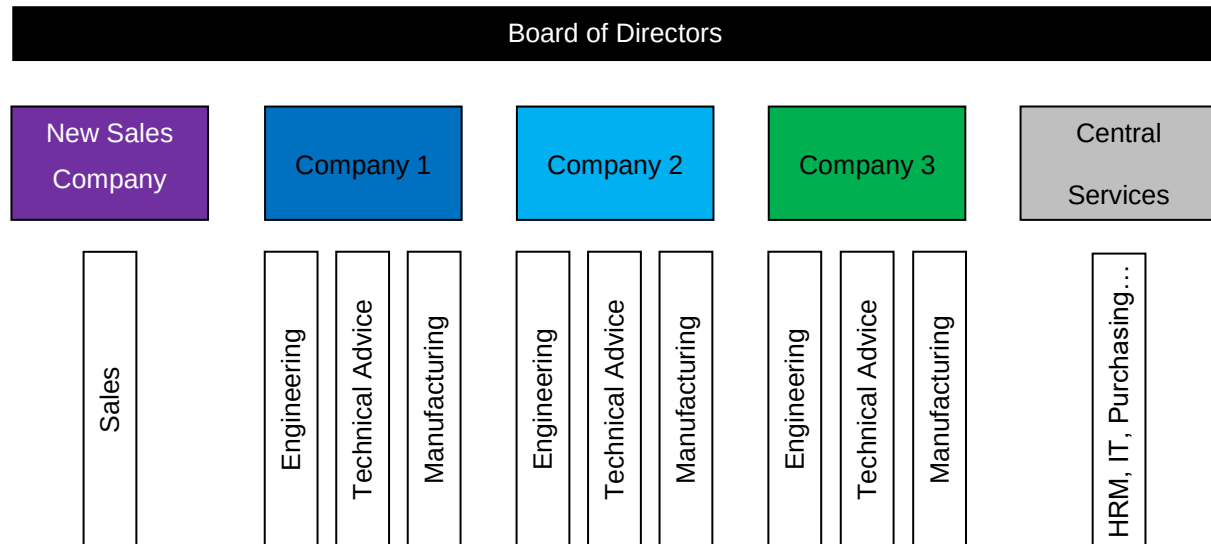


Figure 1: Current structure of the group

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Notwithstanding the successful restructuring, a century long history and decades of successful products led to a path dependency with an adverse lock-in effect resulting in strategic drift (Johnson, 1988). A period of flux with meandering strategic decisions led to a growing gap to the changing environment. We now have to realise that our current products alone do not attract customers anymore. Most importantly, we observe that the enduring COVID-19 pandemic accelerates the trend of ever increasing expectations by our customers. Customers nowadays want the complete product portfolio one-stop and perfectly served from a single omnipotent contact. It is a poor experience for our customers to collect the bits and pieces from three companies and one sales company. Since we do not meet the customer's expectations anymore, we lose significantly more turnover during the COVID-19 pandemic than the industrial average.

We urgently have to launch a transformational change to get re-connected to the customer. We, the emergency project team, have therefore been asked by the board to propose a reshaped strategic direction of the group to fathom a new passage for delivering innovative customer care. The aim is to secure our competitive advantage by a personalised customer care meeting increased expectations in general and coping with the COVID-19 impact in particular. In the following, we carry out strategic analyses and explore strategic options before summing up the conclusions and providing recommendations for a new strategic direction.

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2 Strategic analyses and strategic options

We first have to track our strategic position before defining strategic options (Mintzberg, 2007) and finally recommending a new strategic direction. In doing so, the corporate level (our overall scope), the business level (our competition), and the operational level (our resources and processes of man and machine) are taken into account.

2.1 Strategic analyses

For reviewing the strategic position of our group, the internal and external context must be analysed. To this end, the *macro-environment* and *micro-environment* is screened and our *capabilities* and *culture* are scrutinised, considering particularly the impact of digital transformation, trade war, VUCA world and COVID-19 (Figure 2).

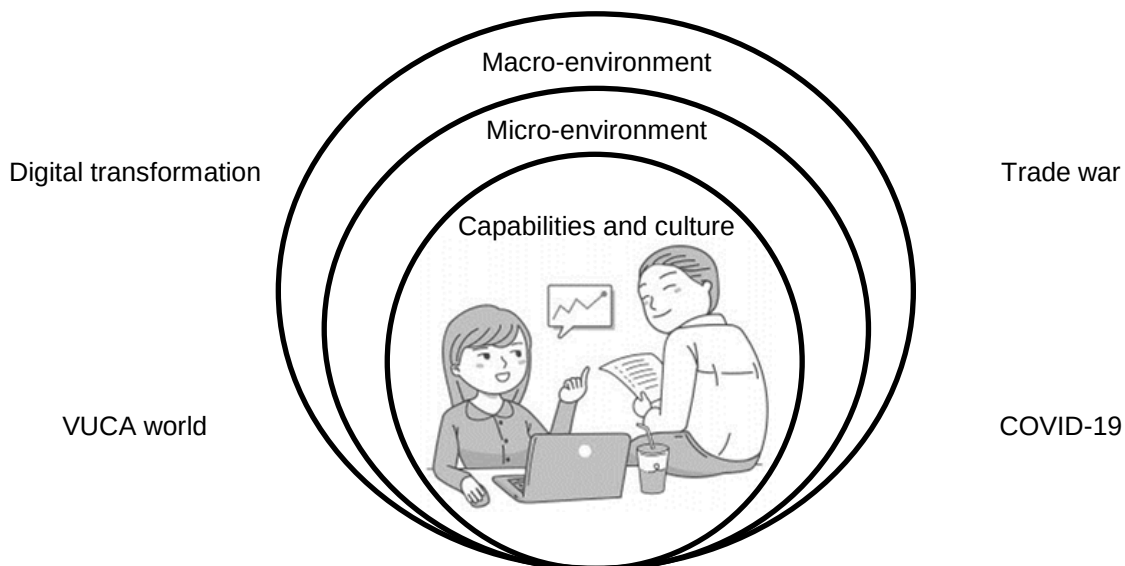


Figure 2: Changing world and work requires reconsideration of strategy

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Macro-Environment

A PESTEL analysis, a tool that has been modified and amended over the years but roots in a seminal work in the 1960s (Aguilar, 1967), is used to analyse the framework of the macro-environment:

- Political: The increasing regulation of construction products is an entry barrier for further competitors, however, the required product qualifications are a heavy burden also for the existing competitors (Sorgato, 2019). The Brexit makes a re-qualification necessary, questioning our UK business. The America First policy makes our business in the USA gradually more difficult.
- Economical: The construction boom, globally prevalent since about 2013, cooled down already before the COVID-19 pandemic accelerated this trend (Schober, 2020). Since the importance of business in East Asia is growing, a production within a member country of the Asia-Pacific trade agreements (RCEP or, in future, FTAAP) becomes more attractive for us.
- Social: The digital affinity of Millennials and Gen Z has a substantial impact also on the construction business: The influx of younger customers will generate an increasing demand for digital solutions. COVID-19 may lead to a lost generation (Tamesberger and Bacher, 2020) with lower employability for us because idle time may not be invested in education but video streaming (Blau, 2015).
- Technological: The digital future of the construction industry will offer a large range of opportunities (Agarwal et al., 2016), potentially boosting productivity which declined for decades while other industries doubled theirs (Changali et al.,

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2015). It is crucial for us to understand that physical products leave little room for digital transformation and we therefore have to focus more on digital products.

- Environmental: Raw materials for reinforced concrete become scarce, especially sand and gravel (Beiser, 2019). At the same time, energy and CO₂ costs make the production of steel and cement more expensive (Rodgers, 2018). This will reduce the proportion of reinforced concrete structures and put the margins of steel parts like our products under pressure.
- Legal: The proof of compliance with all relevant regulations is more and more rigorously enforced. This requires increased efforts to have all processes well documented to repel law suits. Also in the construction industry, contract issues are handled increasingly online, for example the application for building permits (Dhar et al., 2018) – a good example for a COVID-19 resilient process.

In sum, the PESTEL analysis shows that some ongoing upheavals due to the **digital transformation** are accelerating, partly due to the **COVID-19** pandemic. While entering a phase of prolonging **trade wars** and reshuffling trade agreements, the world **becomes even more VUCA** – an acronym coined in 1987 by the U.S. Army War College on the basis of a work written by Warren and Nanus (1985) to describe the volatility, uncertainty, complexity and ambiguity of the environment after the Cold War.

Micro-environment

The group is part of the construction products industry which follows the main construction industry in terms of economic cycles as well as construction methods.

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Both industries are technically quite basic – one reason why we face fierce competition as Porter's five forces analysis of the micro-environment shows (Porter, 1979):

- The threat of entry: Since most products of the group are basically made of conventional steel which can be produced by many companies with relatively little investment, the threat of new entrants is high for the group. Expiring property rights and spreading know how exacerbate the situation.
- The threat of substitutes: The products of the group and its competitors are well established in the market. Some redistributions within the construction product industry may occur, however, it is hard to imagine that the existing products are substituted by products from an outside industry.
- The power of buyers: Globalisation flooded the market with construction products and internet platforms made the market very transparent. This led to a high bargaining power of the buyers even if these are not large companies. The high exchangeability of many products further aggravate the position of the group.
- The power of suppliers: Since the number of suppliers increased considerably more than the demand for construction products, the bargaining power of suppliers is in general very low. However, testing and qualifying of construction products may require us to enter into unfavourable commitments with suppliers.
- The competitive rivalry: Intense competitive rivalry is the result of quite a number of competitors with a similar range of construction products which offer little possibilities for differentiation in the conventional way. Due to changes in the macro-environment like COVID-19, competitive rivalry most likely will increase.

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The Porter's five forces analysis shows that, in a nut shell, the construction products industry is a **matured and saturated market** where the supply of physical products exceeds the demand. This insight should be taken by the group as a wake-up-call because this **situation will further intensify**. This may be interpreted that the future lies in digital products in terms of services for the customer.

Capability

The SWOT analysis (Wehrich, 1982) is a typical tool for identifying the strongest internal capabilities (strengths) and weakest internal capabilities (weaknesses) to face the most positive external influences (opportunities) and most negative external influences (threats). In this report, however, a resource-based view with the application of the following four **VRIN** criteria (Barney, 1991) is used to discuss the standing of the group as it leads here to more concise findings:

- **Valuable:** Most importantly, the group has capabilities to generate value for the customer and that are primarily our human resources: As the inventor of some legacy construction products and with most of the high level jobs located in the attractive city of Berlin, the group managed in the past to hire talents.
- **Rare:** Over decades, the group was one out of two suppliers providing a special category of construction products. This rarity allowed the group to secure high margins for generations. Today, however, the rarity vanished due to the increased competition which also makes it more difficult to retain rare talents.

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- **Inimitable:** Our products are imitable, because no particular superior performance and competence is required, no special internal or external network is needed, and no characteristic and linkage ambiguity must be uncovered to manufacture copycat products at our current level.
- **Non-substitutable:** As pointed out above, not product substitution but destructive competition is a risk because the products of the group are low-tech from a physical point of view. For this reason, competence substitution must be avoided all the more, for example by digital tools locking-in the customers.

The most important outcome of applying the VRIN criteria on the resources is that the group **has basically neither rare nor inimitable products today but valuable talents** which have to change this unfavourable situation by the development **non-substitutable competences**. This resource-based view (RBV, Wernerfelt, 1984) is supported by a knowledge-based view (KBV, Grant, 1996) emphasising the importance of knowledge resources to be bought in and nurtured to generate competitive advantage.

Culture

Together with strategy, culture is the DNA of a company (Lindgreen and Swaen, 2009) which may be understood as the collective intelligence of a company to act and react in response to the environment. In the following, the culture is decoded according to the scheme of the cultural web (Johnson, 1987) and some suggestions for improvement are made:

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- Story: 'Our products are the best in class and some have a 100 year old history' is a story you can frequently hear in our aisles. It must be emphasised in future that it is important not to repeat but to continue this story while putting the customer into the focus.
- Ritual and routine: The typical ritual is the signing of greeting cards for staff birthdays, and the typical routine is the 'manual' preparation of the price list. Probably, that ritual should be replaced by a team-building event, and for this routine an already existing product information management (PIM) system should be employed.
- Symbol: Our group has only four hierarchical levels, however, emphasises hierarchy particularly by the office location: The board members reside separated from their divisions at the top floor – seemingly aloof. But strategic change is more successful if board members are more downstairs (Reeves et al., 2018).
- Organizational structure: Because of the multidivisional structure of the group, decisions are bundled at board level. Strategic changes, however, are essentially done by the middle management which therefore must be closely involved and empowered to activate their innovative creativity (Woolbridge et al., 2008).
- Power structures: Today, power is less associated with loud-mouths, intimidating often our female employees. This cultural trend must be pursued as conformity with white alpha males is a road block but constructive confrontation at eye level is an incubator for strategic change (Burgelman and Grove, 1996).
- Control system: Because daily presence and working hours are currently not monitored, our employees miss the records of their overtime and are afraid to be

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less visible for their supervisors. We should consider to re-establish time registration in particular in the COVID-19 times of home office.

The analysis of our business culture challenges some traditional habits and indicates the general need for a brush-up. Currently, **the group may be not modern and open-minded enough to attract further talents, particularly in the realm of software engineering** which are likely to be needed most in the years to come. Moreover, the middle management is probably insufficiently empowered to become leaders. Leadership, however, is particularly important in VUCA times (Creighton, 2019), for example to handle the COVID-19 pandemic effectively.

2.2 Strategic choices

To identify the strategic choices of our group, the current *business strategy* and *corporate strategy* are studied, carving out a suitable *diversification to innovative customer care*. This approach is then supported by a *framework* with three *components for innovative customer care*.

Business strategy

The above analysis showed that our current strategic position is exposed to fierce competition. Currently, we are 'stuck in the middle' (Porter, 1985) between competitors being top in either differentiation or costs. This holds for all three companies of the group, each of which may be considered as a strategic business unit (SBU) in this

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context. In the following, Company 1 is examined in detail as an example SBU, however, similar findings could be made for Company 2 and Company 3.

Being a cost leader is seldom sustainable and difficult to attain for a German company when under attack from Chinese competitors. Ultimately it may lead to downscaling the company, or a merger with or acquisition by (M&A) competitors (Kumar, 2007) – neither desirable for the company nor acceptable for the owners.

Some claim that only differentiation can avoid putting a business at permanent risk (Trout and Rivkin, 2008). According to Porter (1996), 'strategy is about being different' and therefore Company 1 should turn the pointer of the Strategy Clock (Faulkner and Bowman, 1995) from 'failure' to 'differentiation'.

For a sustainable business strategy a **differentiation with a lock-in effect is needed** (Garner Stead and Stead, 2014). A strategic lock-in would make our customers dependent on our products because of substantial switching costs generated when using competitor products. Therefore, we should aim for a differentiation with a razor and blades business model (Richard, 2001): **Establish business with our customers at an early stage of the construction projects to secure the purchase of our products later.**

Corporate strategy

Strategies can be successfully developed and implemented only with sufficient focus (Grant, 2015). For this reason, it is important to make a strategic change not across the board but to concentrate on promising products. This requires a product portfolio

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analysis of our group, resembling one corporation, for example on the basis of the Boston Consulting Group (BCG) Matrix (Henderson, 1970):

- Problem children: The group has several recently added products which are cash drains because their notoriously low sales cannot cover their development, production and overhead costs. Taking the available limited financial resources into account, these products should be removed from the portfolio.
- Poor dogs: Over time, more and more products were added to the portfolio of the group. Today, the portfolio is a hawker's tray with many products which are sold only once in a while. Divesting of the shelf warmer on the basis of a product range rationalisation is required to focus resources elsewhere.
- Stars: One of the three companies started a promising new product line in the field of wireless power transfer, for example for charging electric vehicle batteries. Further new products must be funnelled into the innovation pipeline to bear new stars which requires financial and human resources.
- Cash cows: Some products of the group are the best in class and very profitable. These products must remain in the focus despite efforts to defend sales and market share in response to the economic downturn due to the COVID-19 pandemic. Any excess cash must be used to finance the new strategic direction.

The product portfolio analysis on the basis of the BCG Matrix highlights the **importance of our cash cows also for the funding of a new strategic direction** to secure revenue and profit carrying us through the COVID-19 downswing.

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Diversification to innovative customer care

According to the Ansoff Matrix (Ansoff, 1988), growth may be generated by diversification in one of the following four strategic directions:

- Market penetration: An approach which would be risky because currently we have insufficient competitive advantages and our existing markets are not only mature and saturated but also declining.
- Conglomerate diversification: This radical strategic direction combines the following two strategic directions simultaneously and is seldom working (Johnson et al., 2017).
- Market development: Winning new users is impossible due to the specific application of our construction products, and further internationalising our business is inappropriate during the COVID-19 pandemic.
- Product development: The strategic direction of product development typically involves heavy investments and high risks. Both would be manageable but prefers digital products over physical products.

Together with previous findings, **a digital product development appears to be the most appropriate strategic direction for differentiation in innovative customer care.**

Framework for innovative customer care: hyper personalisation

Hyper-personalisation as a digital product in a broader sense would be a promising approach to tackle above described conditions: Hyper-personalisation creates 'custom

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and targeted experiences through the use of data, analytics, artificial intelligence, and automation [... to...] send highly contextualized communications to specific customers at the right place and time' (Jaffery, 2020). Instead of offering the complete standard portfolio to all potential customers without personalisation, hyper-personalisation allows the understanding of the customers to offer tailor-made products (Figure 3). In our case, hyper-personalisation as a digital product would support the marketing of our then tailor-made physical products.

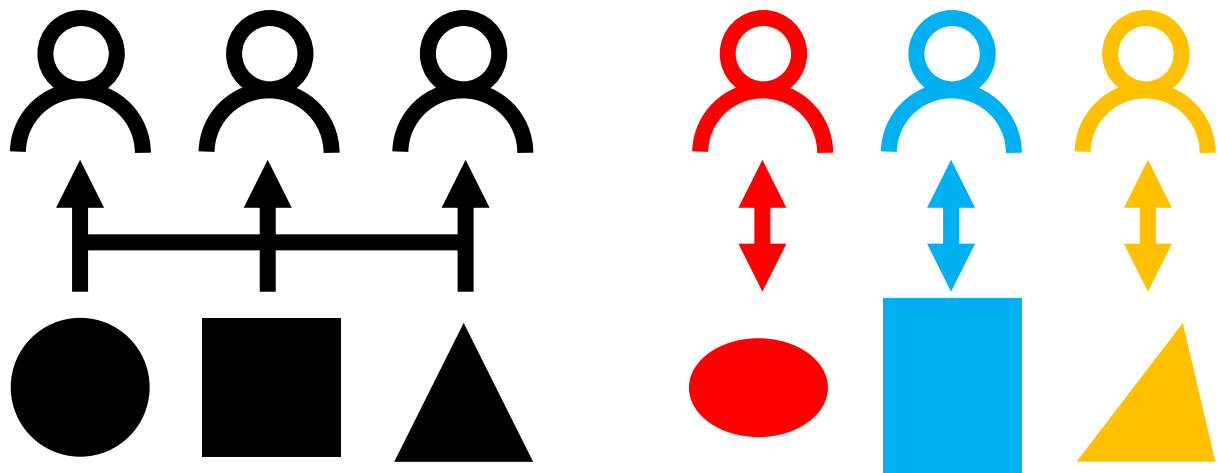


Figure 3: No personalisation (left) versus hyper-personalisation (right)

We will achieve the hyper-personalisation by three components that already exist to a greater or lesser extent in our organisation:

(1) Component for innovative customer care: CRM

Although Customer relationship management (CRM) is widely used and does not need further explanations here, its application in the construction industry is in its

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infancy (Preece et al., 2015). Comprising six key mutually dependent criteria, that are a customer database, an analyses of the database, tools for targeting the customers, relationship platforms, privacy issues, and critical success factors, collaborative CRM focuses on the short-term and long-term interaction between customer and company. It is a technology that allows seamless communication between workflows and departments for cross-functional teams (Dalton-Arro, 2019) and may be partly integrated in the building information modelling (BIM) technology (Aram and Eastman, 2013).

(2) Component for innovative customer care: BIM

Construction projects require a high level of planning for management and coordination of all companies, objects and people involved. The ever increasing complexity and quality of buildings on one side and decreasing available cost and time budgets for construction on the other side call for lean and preferably digital solutions (Sacks et al., 2010). BIM allows the aggregation of all available information as early as possible. Beside the benefits generated by connecting externally with the customer, BIM may also be used internally by construction product suppliers. In particular customised products, for example tailor-made steel elements, may be designed and produced using BIM to allow a seamless digital and thus efficient process if mass customised manufacturing (MCM) is integrated (Piroozfar et al., 2018). The vehicle of data transfer are digital twins of the physical parts, known as BIM objects. These are coded parametrically to allow the user, for example customers, modifications according to their needs.

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(3) Component for innovative customer care: MCM

The integration of digital adaptive technologies to control MCM is relatively new in the construction industry and is expected to create unprecedented opportunities (Lee et al., 2017) for tailor-made yet mass produced façade panels, timber frames, steel girders, 3D printed concrete elements, fasteners and so forth. For decades, productivity in construction was barely increased since every construction project is different and unique. Due to the ongoing digital transformation, MCM has the potential to multiply the productivity in particular in the construction products industry (Nielsen et al., 2016).

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3 Conclusions

A swift and good strategy is needed to respond to the upheavals of the digital transformation, which is accelerating due to COVID 19 pandemic, and to a changing world which became even more VUCA not least due to the trade wars. Moreover, a new strategic direction must shift our focus from the matured and saturated market of physical products towards digital products for the construction industry.

Our capabilities must be rearranged to solve the problem of our neither rare nor inimitable products today. To this end, our valuable talents must create non-substitutable competences to lock-in our customers. To attract more valuable talents, our culture needs a brush-up and the middle management must be empowered to give the employees orientation through the voyage of the strategic change.

Differentiation with a lock-in of the customers must be the aim to generate a sustainable business during a construction project and beyond. Our cash cows must be nourished to earn the necessary investments for the formation of a new star. Diversification by hyper-personalisation as a new and digital product will create a framework for a strategic direction towards innovative customer care and support the business with our physical products.

Three components for innovative customer care basically exist to build on: Customer relationship management (CRM), building information management (BIM), and mass customised manufacturing (MCM). Combined and refined, they will lay the basis for a feasible, viable and desirable hyper-personalised approach that therefore will be an innovation to foster our economic success (Schumpeter, 1912).

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4 Recommendations

The emergency project team recommends a new strategic direction to achieve innovative customer care by hyper-personalisation. For this purpose, an advanced combination of customer relationship management (CRM), building information modelling (BIM), and mass customised manufacturing (MCM) is formed to connect our manufacturing and technical advice with the customer (Figure 4).

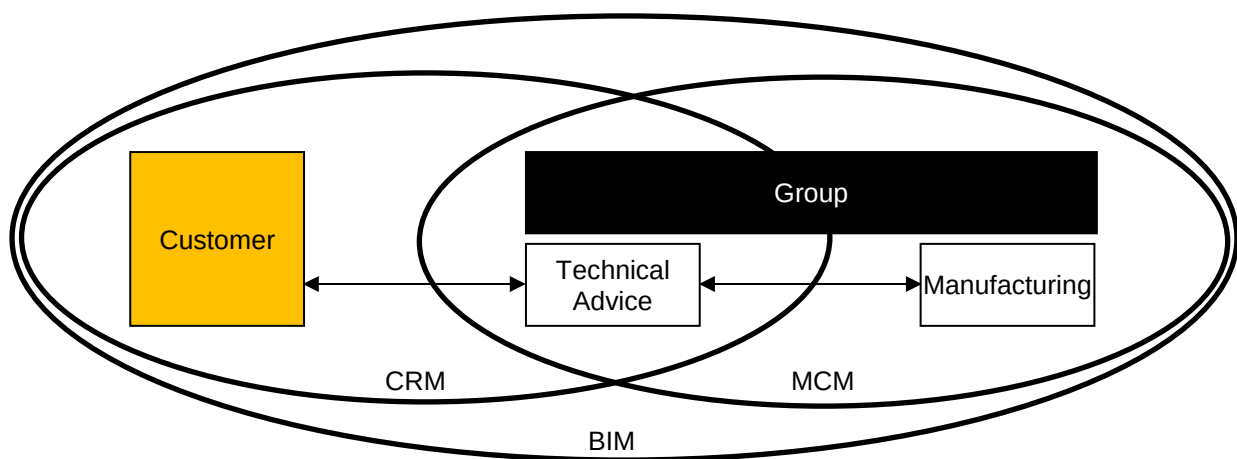


Figure 4: New strategy: Integration of customer relationship management (CRM) and mass customised manufacturing (MCM) in building information modelling (BIM)

Description of recommended strategy

A **'white-glove customer service'** (Leff et al., 2020) would be created by approaching the potential customer just at the right time. To this end, data mining in the internet must be coupled with artificial intelligence in our intranet to feed the CRM system as a support for the employees in our technical advice. The technical advice establishes contact with the customer and supplies free-of-charge BIM objects which are the digital

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twins of our physical parts. Once the customer uses our BIM objects in the BIM model of the construction project, our products are locked-in and a **seamless communicating and tracking with customer** during the complete project is possible. Request for quotations of the customised products can be automatically replied with an offer via BIM. Since the products are at that time customised, the customer cannot abandon us because of the substantial switching costs which would be involved. After the customer ordered online using a BIM add-on, BIM also allows a seamless transfer of the bill of quantity to our manufacturing to trigger MCM. To make this innovative customer care work, the **optimal set of technologies for the best personalised interaction** is needed. Therefore, **talents with affinity to future customer care must be attracted, retained, and developed** to set up the sophisticated system. Such an approach of organic development appears to be more promising if compared with an alliance with or M&A of a programming office because of the complexity and specificity of our business.

Evaluation of recommended strategy

The proposed strategy is evaluated to probe whether hyper-personalisation to initiate an innovative customer care can be successful implemented in our company on the basis of CRM, BIM and MCM. Three criteria are applied which are summarised by the acronym **SAFe**:

- **Suitability**: The proposed innovative customer care strategy uses the opportunities of CRM, BIM and MCM at times of accelerated demand for digital

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solutions due to COVID-19 while the construction industry is just at the onset of employing digital solutions. The strategy eludes the threat of decreasing demand for physical products and the hardship of manufacturing and selling them during phases of shutdowns as it shifts the focus to digital products.

- **Acceptability:** The strategy of innovative customer care will meet the expectations of the stakeholders: The risks are manageable since the business concept remains essentially unchanged. A promising return of investment is foreseen because only relatively small investments but with large impact must be made. The reaction of the shareholders should be positive because there is a lot to gain and not much to lose.
- **Feasibility:** The seamless interaction of CRM, BIM and MCM must be feasible since in principle, all three components exist already at the group, yet they have to be combined and refined. The biggest challenge of the proposed strategy, that is to develop existing employees and hire new employees for coding, may be mitigated because of the large pool of internet start-ups in Berlin for headhunting and/or contracting.

The recommended **strategy is consistent and in line with the most suitable diversification** in the direction of innovative customer care **including a lock-in differentiation**. Moreover, the new strategy **can be implemented in stages and developed incrementally**, allowing a Think Big, Start Small, Learn Fast approach essential for successful strategical transformations (Mui, 2019).

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CSR and Ethical issues of recommended strategy

Customers show an increasing demand for a 24/7 service which for this reason must be taken into account when aiming for innovative customer care. If this issue is not handled carefully within the group, we run the risk that our employees feel obliged to work anytime and overtime. This would violate the working time directive for good reasons as it will ruin the health of our employees (WTD, 2003). The HRM should be involved for stress mitigation and resilience development which is particularly important during uncertain times (Fisher et al., 2020).

Furthermore, the exchange of data with customer in the context with the planned innovative customer care by hyper-personalisation may lead to infringement of the data protection regulations if not handled with care (GDPR, 2016). Since the temptation is high to violate data protection for example to train artificial intelligence, the implementation of a governance hotline may be helpful to reduce risks of ethic misbehaviours (Sakellariou and Milleron, 2019).

Lastly, the aspired innovative customer care may trigger online firestorms as some customers could feel ripped-off due to the lock-in with BIM objects. As a precautionary measurement against such sentiments, marketing should initiate and communicate corporate social responsibility (CSR) to create a positive perception of our group and brand in public and at the customers (Herhausen et al., 2019). A positive priming may be achieved by linking the efficiency of customised production with sustainability (Hansen et al., 2014).

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Implementation of recommended strategy

This overall intended innovative customer care strategy is ready for approval by the board. The details must be developed in the fashion of an emergent strategy where assertive action is important without an information overload leading to a failure due to paralysis by analysis (Mintzberg, 1994). Early involvement of the customer generates a feedback loop which will support an agile improving of the customer care concept.

The recommended strategy will be rolled out according to Kotter's 8-Step Process for Leading Change (Kotter, 2007) comprising the following 8 steps:

- (1) Establishing a sense of urgency: The developments particularly during the ongoing COVID-19 pandemic is clearly a wake-up-call for every employee.
- (2) Forming a powerful guiding coalition: The emergency team responsible for this strategic report will jointly form a spearhead to get the change done.
- (3) Creating a vision: We will formulate a concise and crispy vision statement which conveys the message with just a couple of sentences.
- (4) Communicating the vision: The emergency team will become ambassadors for the communication of the vision by intranet, email and company meetings.
- (5) Empowering others to act on the vision: The board must remove the biggest road blocks and empower the middle management to get the things done.
- (6) Planning for and creating short-term wins: Quick wins will be generated and celebrated to keep the spirits high during the change which will take a long time.

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(7) Consolidating improvements and producing still more change: Persistence is important even after the initial success to avoid leaning and falling back.

(8) Institutionalising new approaches: Benchmarking the changed setup with the previous setup visualise the achievements for their communication.

Strategy management as a new central service

A strategic change in this dimension cannot be handled as a lunch time project. Our strategy should be taken care of by a newly established central service 'strategy management' in future (Figure 5). Strategy management can then concentrate on the development and alignment of corporate and business strategy. Another important responsibility of the strategy management will be the general risk assessment and management. This requires constant monitoring and researching to evaluate the level of robustness and resilience of our group as a precautionary approach.

Digital solutions as a new central service

The three companies act independently for several reasons, however, sit in the same boat rocking in troubled waters. They all care for the same customers and need the digital solutions on the basis of CRM, BIM, and MCM to develop an innovative customer care by hyper-personalisation. It therefore stands to reason that the digital capacities are bundled in a central service 'digital solutions' (Figure 5). Digital solutions may become the most important department in future and should be staffed accordingly.

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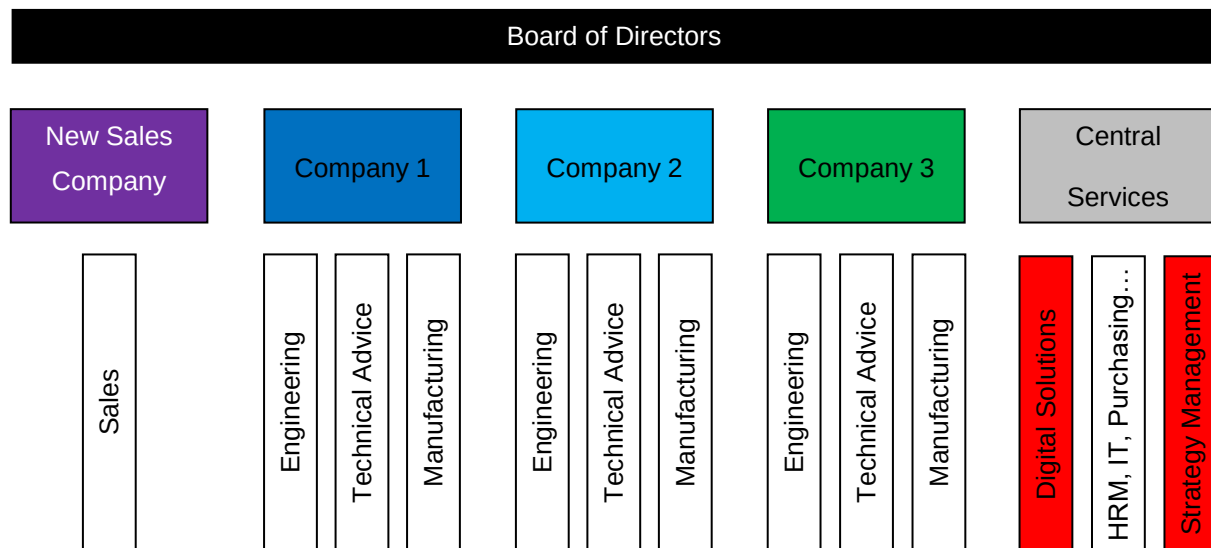


Figure 5: Suggested structure of the group

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Appendix: Background information of the group

The chosen organisation is a family owned group comprising three companies. The headquarter of the group is based in Berlin where also two of the companies are situated, whereas the third company is located in the far South of Germany. The companies were founded between 1907 and 1977. All companies are small and medium sized enterprises (SME) and manufacture construction products for more or less identical customers. Most of the products are standardised; however, 'manual' customisation of the products is offered as a service.

As industrial goods, the products are sold either direct by a wholly-owned new sales company to industrial customers or to distributors. For several reasons, for example to meet expectations of several stakeholders, the three companies and the new sales company are still de jure independent entities. To simplify matters, however, the group is treated in this report as one multidivisional corporation. This is reasonable since all companies have the identical board of directors and operate de facto as one multidivisional corporation.

Currently, the group generates a revenue of about 210,000,000 EUR (190,000,000 GBP) and a net income of roughly 9,000,000 EUR (8,000,000 GBP) with almost 900 employees. The companies of the group have subsidiaries in the USA and a couple of European countries. Half of the business is made in Germany, the other half in the Rest of Europe, North America and Asia Pacific.