



Head above the Rest

As the recession in Europe drags on, many companies are learning to rise-up against the downward trend. Two of the winners of this year's Industrial Excellence Awards are highly innovative companies that are supplying customers with new products they never thought that they would need. How do they do it?

When Jérôme Empeureur walks the shop floor of Stiplastics SAS in the Rhone-Alpes region of South-eastern France, production machines are humming. Stiplastics manufactures plastic packaging, utensils and medical devices for the pharmaceuticals industry, healthcare professionals and consumers. It also provides engineering and marketing services. For Empeureur, who assumed the helm of Stiplastics in early 2013 after serving two years as sales manager, business has never been sweeter.

Over the past ten years, sales have doubled to €12.4 million and order books are exploding, so much so that Empeureur is now convinced turnover will double again by 2018. “We have a long vision of product development and for the next two, three years we have a clear idea of what we are going to do,” says Empeureur. “For sure, doubling the turnover is quite ambitious. But I would say we have enough projects in the pipeline to get a chance to reach the target.”

Some of those projects involve sophisticated marketing and product development for customers – promising new services that make use of big data, a popular production trend among several companies at the 2013 Industrial Excellence Awards (IEA) conference in Leipzig in September. “They’re also

providing a market analysis service,” said **Stephen Chick**, INSEAD Professor of Technology and Operations Management. “They are using ‘design thinking’ in clever ways to identify medical management needs and delivering products to address those needs.” That style of analytical thinking earned Stiplastics an Industrial Excellence Award in France last spring along with Itron SAS. As a member of the IEA jury, Chick said: “Stiplastics has reached a high level of performance of several key and related functions such as product design, manufacturing and B2B/B2C commercial distribution. We were also most impressed by the rigour of strategy implementation to achieve their objectives.”

The focus on customer services at Stiplastics signalled a big change in company strategy away from product technology. According to Empeureur, managing change was difficult, but not impossible. “It was important to bring some added value to the final customers,” he reveals. “Plastics is our core business but maybe in the future it won't be. It depends on which of the technologies we have to choose to finally serve our customers in the best way that we can.”

A Spanish Example

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In the neighbouring Basque region of Spain, José Luis Pérez, examines a new set of proposals for a big customer. Pérez is president of Orkli S.Coop, the world leader in heating control systems for homes and businesses, a worker-owned company in a rapidly changing industry that has developed from simple thermostats to digital climate control and solar heating systems. By analysing the client's heating history and future needs, Pérez and team are able to recommend newer, more cost-efficient technologies.

Pérez says the additional effort to fill customer needs actually allows the Spanish company to "exceed customers' expectations". Orkli has onsite-R&D teams and even foots the bill on many projects. "Sometimes we have to go to our customers with proposals that they are not asking for," he explains. "And proposals that are new for them, that they don't [even] know they need. But after showing them this proposal, they can say, 'okay, this would be good for me.'" Orkli was awarded the 2013 Spanish Industrial Excellence Award.

Putting it all into Perspective

Both Orkli and Stiplastics exemplify a European strategy trend among managers that puts them ahead of most companies suffering from the ravages of the euro crisis and a patchy recession plaguing the continent. On the marketing side, "Stiplastics placed innovation - defined as 'added value to their customers' - at their heart," Dr Jane Davies, University Lecturer in Operations Management at the University of Cambridge Judge Business School told INSEAD Knowledge. "They defined the key to their success as understanding the requirements of the customer and the use of strategic marketing to link to product design." Davies was one of the jurors of the IEA in Leipzig.

Stiplastics has even set up a design department to round out its health marketing services. Its own products, like the consumer pill-dispensers, reflect the accent on hip and style. "They're doing some very interesting things in making these pill boxes, almost as a fashion accessory," Chick explains with a smile. "It's a part of the end-users' life, so that you can feel confident when you put your pillbox on the table at a restaurant - you don't have to feel embarrassed that you're on these medications. It's just a normal attractive device."

On the production side, both companies excelled in industrial performance, with Stiplastics applying lean Six Sigma methods and Orkli implementing mobile QR-Kanban systems. The overall trend has been "lean, with continuous improvement," observes Chick.

The Export Advantage

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One important factor that freed Orkli and Stiplastics from the ravages of the euro crisis has been exports. Orkli earns 75 percent (roughly €112 million) of its sales abroad. It has assembly plants in China and Brazil, and sales offices scattered throughout Asia, Africa and the Americas. This makes Orkli somewhat immune to the slowdown in Spain, which some domestic managers expect to drag on for years. "Spain will need four to five more years to grow," says Pérez. "I think Europe will need less - another two years. But we have a focus in Asia and America. And we are sure that in those continents, we will grow for the next five years."

Stiplastics earns most of its income outside France and outsources "low value tasks" to Tunisia, China and Brazil. It has eight brands, all certified by public health authorities in Europe and North America.

The prize winners of this year's IEA demonstrated a phenomenal commitment to sustainable competitiveness. The path to success in Europe is blocked by moving barriers. But many companies have learned that the secret to success is much easier and less expensive to achieve than first thought. According to Professor Chick, they only need to use the data resources at their fingertips and become more proactive.

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