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## Wittenborg's Direct Sales, Service and Support Sold in a Management Buy-Out

**As an important step in the continued implementation of Wittenborg's strategy, Incentive has divested the direct sales and the leasing portfolio in Scandinavia in a Management Buy-Out.**

This step has been taken to secure, even more, a concentration of the sales activities concerning the service and support of operators and distributors.

With this, Wittenborg no longer competes with key distributors and operators in Scandinavia.

The divestment is also a result of a keen wish from the company's operators and distributors.

- We take this important and necessary step to get closer to a complete implementation of our sales strategy for the company, says Incentive's and Wittenborg's CEO, Jan Berg. The divestment

creates a larger connection between the sales strategy and the organizational structure. With the new sales and service structure, Wittenborg can give service and sell to all types of customers the best way possible through its operators and distributors - and hereby increase its competitiveness.

For Wittenborg the divestment means distinctive savings in fixed costs in Denmark at

- ▶ about DKK 10 million a year. The Wittенborg Group's German sales organization is now implementing a corresponding change in the sales structure.

### Two core competences

In the future, the Wittенborg Group will concentrate on strengthening its two core competences:

- 1) Support and service of the operator and distribution network
- 2) Develop and manufacture the market's best solutions within coffee machines

It is Erik Bjørn Jensen that has bought Wittенborg's direct sales, service and support. Until October 1st he was employed as CEO in Incentive Financial Services. Erik Bjørn Jensen has established his own company – House of Coffee - and continues to sell Wittенborg coffee machines from subsidiaries in Odense and Copenhagen. ■

# Centralized Purchasing – The Doors of Opportunity Will Open

**Since February 1999, ALTO US has been moving systematically toward a new concept of centralized purchasing. This is not a new concept, however, it is new to the ALTO US sites.**

It is brought about because of the implementation of JD Edwards software for all three ALTO US sites. With all three sites using the same software, it is possible to obtain synergies that were not possible before.

Even though ALTO US sites before the implementation of JD Edwards used the same software, it by no means had

an effect on the site procurement systems that are all very different. Each manufacturing site was uniquely responsible for procuring materials for that site alone. The synergy of consolidating volume to achieve efficiencies and cost value improvements was not possible.

### Building Blocks are Being Laid Down

New systems and processes have been implemented that would allow procurement from a centralized buyer, in support of all sites. In effect, centralized purchasing will actually be shared purchasing, meaning buyers now have the

responsibility for purchasing materials for all three sites. We are nearing the end of Phase 1, which is the development of systems and processes to support the centralization of materials.

Short-term results will bear fruit by mid 2000, with long term returns stretching over the next three to five years. In fact, it will never end. ■



# Logistic and Product Analysis Will Define The Future Wittenborg

**In order to create the future Wittenborg and as a consequence of the current financial situation, two analyses were initiated in September with the purpose of determining which products to produce in the future.**

Also during this year, it will be determined which sites will manufacture the products, and how large the production capacity will be for the Wittenborg Group in the future.

## **Two Main Areas will be analysed**

The analysis to be made of the current product portfolio and markets will indicate which products will be a part of the future portfolio and which products on a short or long term basis will be removed.

Another area is the evaluation of the production capacity of the products to be manufactured. Analysis of the logistics in the entire Wittenborg Group will form the basis for the decision on a new logistic strategy focusing on Wittenborg's ability to deliver the right product on time and to the right quality – every time.

## **Decision to Be Made Before the End of the Year**

The analyses are being made by a group of senior managers from Wittenborg together with

representatives from the team behind Working Capital and Incentive's new Business Audit & Support group.

The group expects that the analyses will be completed in November and that a decision based on their outcome will be made before the end of December.



# Business co-operation with Coca Cola in Germany

After an eight year long break, Wittenborg Germany has again succeeded in becoming a supplier of vending machines to the Coca Cola organization.

The sales team in Hannover is behind the contract. The contract involves a sales volume of several hundred machines worth at least DM 4.5 million. ■



*Sales Manager Michael Graen (right) and the Purchasing Manager for technical equipment, Thomas Bischof (left), after signing the contract in the Coca Cola Headquarter in Berlin.*

## French Sodexho will equip schools with Wittenborg machines

**French schoolchildren will get the opportunity to keep warm with a cup of hot chocolate and other hot drinks soon.**

Wittenborg France has established close connections with the French catering company, Sodexho, and during 1999 this has resulted in several important orders. Sodexho will soon begin to install Wittenborg machines in French schools.

Sodexho is a French company with strong catering activities

in 60 countries around the world in various areas such as factories, offices, hospitals, schools, universities and sport centers.

Wittenborg France and Sodexho have established a good relationship, especially within the industrial area, which since January has resulted in several orders.

Key Account Manager in Wittenborg France, Jean-Pierre François, says:

– The aim of Sodexho is to take a maximum market share in the big concerns where they are catering (collective restaurants). Our partnership on the enterprise segment has become an example for both their other segments: Health and Schools.

The development of the school segment started in August. ■



In his office at the American ALTO headquarters in the mid-western city Saint Louis, the new VP Sales and Logistics for the Americas, Peter Trampe (41), is looking forward to the new challenge.

He comes from a position as CEO of the Incentive Group's business activity, Marwi.

As any newly hired executive, he has both long term and short term goals for the position.

He comes to ALTO U.S. Inc., at a time when the strategy has been set and the implementation is ongoing. When the results are evaluated, you have to take into account the huge amount of change that has taken effect in a relatively short period of time. Peter Trampe thinks that it is possible to meet Incentive's earnings expectation. Says Trampe:

# From One Global Company to Another

– The task is to improve our earnings and further grow the business. We need to continue the cost reduction exercises in our facilities, which include changing processes and procedures to meet the goals. The acquisition of Wap offers an opportunity for us to enlarge the product range with existing distribution, but it also opens up new doors of distribution for our existing ALTO products.



## Excellent Growth Potential in Exports

Peter Trampe sees exports as another area where U.S.-produced ALTO products have excellent growth potential. He thinks that the export efforts have been hampered by the lack of a full range of products adapted to European and Asian markets and the setup for servicing export markets has not been optimal to cater for the needs of the individual markets.

As a solution to the problem with market introductions, he points to the Incentive Group's NODI process (New Offering Development Implementation) as an effective means of future success on the export markets.



*Peter Trampe comes from the global Marwi organization, which is also part of the Incentive Group.*

NODI guarantees standardized work routines within product development and solutions.

– Without continuous updating of the product range, we will not be able to compete. I think a lot has been done in this field already – the introduction of the NODI process has meant efficient market introduction of customer-focused offerings. This process has to continue, if possible at an accelerated rate. ■





# A Powerful Decision

**From outsourcing to insourcing – since August 1, 1999, the Wap Power series has been produced in Bellenberg. This means that four new jobs have been established.**

Wap first launched this product family in October 1997, and at that time outsourced the production to the Italian company Faip. Make-or-buy analyses were effected at regular intervals, and by the end of 1998, it was decided to move the production of these washers back to Bellenberg.

The advantages to the insourcing cover a lot of aspects from lower production cost and a reduction in tied-up capital

and also reduced stock. And as an added bonus you get better quality, because the changes can be implemented faster, and improved ability to supply. ■



# ALTO and Wap Products Go Hand in Hand at ISSA 1999

**During 1999, ALTO U.S. has exhibited at 18 national trade shows. The biggest of these shows is the ISSA show, which was held in Chicago in October 1999.**

In two levels at the convention center, covering more than four soccer fields, all the best within the cleaning business was exhibited. And for the first time both ALTO and Wap products were exhibited together.

Most of the ALTO technologies were represented and for the first time ALTO's newest member, Wap, was also present. Especially Wap's powerful vacuum technology caused quite a stir and was admired by many. A 20 ft tall

glass pipe was filled with blue water in only a few seconds – simply because of the power of the Wap Floodsucker (Wet Vacuum) which is used primarily after floodings.

## **End Users Were Welcome this Time**

The exhibition had another interesting aspect in that it was the first time that ISSA let end users through the doors. Previously, the show has only been open to distributors of cleaning equipment. Many of ALTO's salespeople who were present at the convention were happy that it was possible to show almost the entire product range in one place. And the opportunity to meet face-to-face with customers was used to sell cleaning equipment. ■



# Lean Manufacturing Discloses Waste

Before year 2000, most of the production employees within the Incentive Group must have completed a Lean Manufacturing seminar.

The seminar will enable the employees to find, remove and minimize waste.

As the name implies, Lean Manufacturing means that the manufacturing and logistics processes must start a serious calorie count. The manufacturing processes must be in line with the customers' needs, and to meet this requirement, we need to reduce the lead times. This is carried into effect by removing waste in the shape of unnecessary stock, transport, defects, etc., throughout the whole process.

Lean Manufacturing is implemented to ensure that you have the

capacity and competitive power to grow. In the long run, the only chance of surviving is to be as good as the competitors when it comes to prices, quality, and ability to supply.

## Waste under a Magnifying Glass

The American consultants, RWD, handle training and assist in implementing Lean

Manufacturing all over the Incentive Group. It happens in classes held throughout the production facilities. The participants will learn how waste can be located, eliminated or limited.

This takes place in a three-phase exercise. The first phase involves a production facility operated in a traditional manner. In the second phase, some of the Lean Manufacturing tools are used to visualize how far you can get without investments, merely by doing things in a smarter way. In the third phase, the participants learn how to put into practice what they have been taught during the seminar. They succeed in turning totally chaotic production with many faults, lack of control, confusion, shouting, and lots of frustration into an adaptable, flexible, and flawless production. ■



# ALTO in Japan

## - Land of the Rising Sun

Japan is the largest and most promising market in Asia, having an estimated potential of 10% of the world market for powered cleaning equipment.

And of course we want to increase our share in this large market. With its different culture and language barrier, we have decided to employ an English-speaking Japanese manager to head up our newly established office.

Mr. H. Sato will be managing the ALTO Japan Representative Office.

Mr. Sato's job is to work closely with our distributors and to introduce and implement activities together with our distributors to grow our business.

Wap also had their eyes set on the large potential in Japan, and they established a representative office in Tokyo in March last year, which is managed by Mr. M. Honda. But as of July, 1999, all Wap activities and Mr. Honda moved to ALTO's offices, which for an interim period will be called ALTO/Wap Japan Representative Office. ■

*Sato san (Japanese way of saying Mr. Sato) pointing out "the land of the rising sun" where he and Honda san will be our new team.*



# Success for Wittenborg at the ANUGA Exhibition

**The big international exhibition, ANUGA, which is the biggest exhibition for the vending industry, offered a perfect opportunity to Wittenborg and Schaerer to show their products together for the first time.**

Michael Graen, Sales Manager of Wittenborg Germany, was very happy with the events of the exhibition. Says Graen:

ANUGA is a great opportunity for our company to demonstrate our know-how, both to already existing customers but also to potential customers. This year the combination of

both Wittenborg and Schaerer products, a motivated sales force and a more than positive atmosphere, has made this our best show ever.

And as if that wasn't enough, at the end of the exhibition Wittenborg concluded that there had been plenty of opportunities to sell vending machines. The grand total showed that 150 machines had been sold! ■





# New Training for Super users and a Home Computer Scheme have been introduced for Wittenborg Employees

As a part of the new support system, super users are presently found and chosen at all Wittenborg locations. The super users will support, guide and train users at the individual locations. They will be given a broad education consisting of basic training and various special courses.

The basic training, ECDL, is a European IT qualification course, which has the same concept throughout Europe. In Denmark it is known as the PC driver's license. All modules finish with a test. When all seven modules are passed you receive your ECDL certificate – the PC driver's license.

## **Self-tuition and workshop**

At Wittenborg the classes will contain some self-tuition. Participants follow the syllabus, but as a back-up, they have the opportunity of participating in a workshop headed by a teacher once a week. In order to support the individual

employee's opportunity for self-tuition, Wittenborg has started a private PC scheme. The scheme allows the participants in the training to have access to a PC at home for a relatively small amount.

During the next two years, all Wittenborg locations will have been through the computer training. ■



The problem of a full order book in Wittenborg/Reinfeld and an order decrease in Wittenborg/Odense was solved by a temporary relocation of employees, and it has been a success.

From mid July to end of September, a group of employees from Wittenborg's facility in Odense has been working in Reinfeld, as DAGMA needed more hands in production. An average of 11 employees was in Germany from mid July and 8 in August and September. The reason behind this exchange is a full order book in Germany combined with an order decrease in Denmark.

– We considered it to be the optimum solution to take advantage of our in-house skills instead of hiring new people in Germany and, at the same time, making people redundant in

## Production workers went from Denmark to Germany

Denmark, says Production Manager in Odense, Finn Schlitterlau.

### How Would This Work?

The employees in Odense have been very anxious as to what their reception in Germany would be like and whether the language barrier would make it more difficult to solve this problem. At the same time the employees in Reinfeld were also anxious, as they now had colleagues coming from Denmark, and they were asking themselves what kind of tasks they would have to perform?

Gabriele Rickert has been working at Reinfeld for 8 years and she and her colleagues have been discussing this in detail with the local liaison committee, and how

they felt about the arrival of the Danes.

– We discussed why and also the costs involved in bringing people from Denmark instead of hiring students as we normally do during



*One of the groups from Odense, who has worked in Reinfeld for three months.*

the summer period. If we had refused, they would have been forced to make people redundant in Odense, and we felt that we could not do that to our colleagues, when this solution would work, Gabriele Rickert explains.

### No Language Barrier

The Germans as well as the Danes obviously have language problems and this could have an impact on the contacts both at work and in their social life.

– But I have had no problems whatsoever. We use simple words and body language. On the other hand we do not have much time for small talk, Gabriele says tongue-in-cheek

and Karina from Odense laughs even though the conversation is in German and she claims not to speak German. Well, she must have picked up some German during her six weeks in North Germany. ■

Cleaning systems from ALTO play a decisive role in the massive work of preparing one of Copenhagen's symbols, the Marble Church, for its forthcoming 250 years' anniversary.

During spring and summer of 1999, Copenhageners have been able to watch a gigantic facelift performed on one of Denmark's capital's national treasures and landmarks, the Marble Church – or Frederikskirken, as it is also called.

# 250 years is No Age to talk About

A unique and very special technique is applied in order to remove exceedingly old dirt and exhaust gases from the Marble Church. The cleaning contractor, Cortex, which ALTO has worked together with before, asked ALTO's Special Department to think creatively and untraditionally when the task of cleaning the Marble Church arose.

Because of the porosity of the building materials (marble, limestone and sandstone), it was not possible to use conventional methods, and thus ALTO designed a unique cleaning system for this specific task.

## All Dressed Up...

A 55 to 60-meter high (164 to 197 feet) scaffolding with tightly fastened tarpaulins surrounded

the church, almost forming a tent or a dress round the church. Nozzles mounted on special racks sprayed water on the surface three times per hour, and the dense water mist generated permeated the approximately 1.5 cm-thick (0.6 inch) layer of dirt and made it come loose.

## No Chemicals, Just Water

Pure water is used for the cleaning job, and absolutely no kinds of chemicals were applied as this might damage the fragile surface. Remaining dirt not washed away by the water mist was removed manually by means of a rotating brush and a laser beam. After this thorough cleaning, the walls appear completely clean and white, and so far no damage has been caused to the porous memorial building.

## Standard Equipment Solves Special Task

The technology used for the cleaning of the Marble Church is not completely new to ALTO's Special Department, but is made up as a mixture of many different technologies previously used in connection with other tasks. ■

*When the Marble Church is unveiled on its 250 years' anniversary, it will be pure, clean and white, and ALTO has supplied part of the customized cleaning technology for this special task.*



## Press Releases

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27. August 1999

[Incentive - Interim Report 1999](#)

28. June 1999

[Incentive releases profit warning](#)

20. April 1999

[Incentive Acquires Wap](#)

16. April 1999

[Annual Report 1998](#)

10. March 1999

[Financial Statement 1998](#)

5. March 1999

[A great Wittenborg year](#)

5. March 1999

[A stronger and more streamlined](#)

[ALTO ready for 1999](#)

29. October 1998

[Stock Exchange Announcement](#)

26. August 1998

[Interim Report 1998](#)

## Annual Reports

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16. April 1999

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11. May 1998

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16. April 1997

[Annual Report 1996](#)

## Interim Reports

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26. August 1999

[Interim Report 1999](#)

21. August 1998

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## Newsletters

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5. July 1999

[Incentive Inside Net 2. 1999](#)

29. March 1999

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11. December 1998

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**Lay-out and produktion**

HUGIN IR Services A/S

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**Incentive A/S** is a Danish listed international industrial concern whose focus is on innovation and growth. The three core business areas of the Incentive Group are cleaning equipment and systems (the ALTO Group), vending machines and dispensers for hot beverages and foods (the Witttenborg Group) and bicycle components and equipment (the Marwi Group). The Incentive Group has a total of 3,100 employees, mainly in Europe and the US but also in Indonesia and Taiwan. Annual sales of approximately DKK 2.9 billion.

