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## ALTO Denmark: New Methods of Supplier Collaboration

With a new major agreement begins the process of drastically reducing the number of suppliers for the benefit of production at ALTO Denmark in Hadsund.

Many different suppliers, sizable inventories, a great deal of inspecting goods on receipt, and a considerable amount of work managing an enormous supply of goods in stock, are some of the things which

involve considerable cost, as any production manager knows. For this reason, there is a major effort throughout the entire Incentive Group to improve these areas.

### 100 Fewer Suppliers

At ALTO Denmark, a group of eight plus a management team have been working since this spring to implement a Supply Chain Management system.

Not too long ago, ALTO Denmark signed an agreement with wholesalers S.C.



*Logistics Manager Palle Østergaard wants inventories cut to a minimum. One of the ways to do this is to contract with a principal supplier, as ALTO Denmark has just done.*

Sørensen, part of the major Danish group Lemvig & Müller. The con-

tract will cut the number of suppliers ALTO Danmark uses by more than 100, or 20 percent, over the next few years. The contract is worth a great deal to S.C. Sørensen: it will more than double their sales after three years.

In return, ALTO Danmark reaps lower prices, smaller inventories, less inspection of incoming goods for production, more warehouse space, just-in-time delivery, less work retrieving what is needed from inventories, fewer employees involved, recent updates in information technology, and integrated product development with suppliers.

ALTO Danmark invited four major Danish wholesalers to participate in the preliminary project: only two accepted. After the three-month preliminary period, ALTO Danmark based its choice of principal supplier on several criteria



such as reliability, specific feedback during the project, and realistic expectations.

"There are some psychological factors involved, too, because you end up working really closely together. But we based our decision on the feedback from our eight project participants," says Østergaard, who headed up the management team consisting of ALTO Danmark production managers.

Østergaard uses an analogy to describe the Supply Chain Management agreement:

"Instead of supplies arriving at Hadsund and Aalborg by 100 small roads, now there's a single highway straight from Randers [where S.C. Sørensen is headquartered -ed.] And the little roads have been moved back behind the principal supplier, who has not only 100, but maybe as many as 500 little roads by which their supplies arrive.

*S.C. Sørensen's huge trucks will be frequent visitors at ALTO loading ramps and factories at ALTO Danmark both in Hadsund and Aalborg.*

"An agreement like this also means that you expand the supplier concept: they become an integrated part of our planning and our IT system, which they also gain access to. When we start using lean production methods, the supplier will be able to drive right up to the production line with supplies," says Østergaard, explaining the next step in the vision and realization of future supplier methods today at ALTO Danmark.

The new agreement will also mean a redistribution of work for ALTO Danmark, especially with respect to logistics concerning products such as those from Clarke-American Lincoln ■

# What's New from ALTO US

Mini Spot Kit



In Springdale we just launched four new products focusing on the largest application market - carpet cleaning.

"IMSS" is our abbreviation for Indoor Maintenance of Soft Surfaces. In other words, carpet cleaning. This is one of the largest application markets. To penetrate this market and gain share, the Business unit for Public and Commercial Facilities, and Preparation and Cleaning Contractors has just launched four new Clarke Technology offerings which were developed and are being

Image 26B



manufactured in Springdale.

The **Image 26E** and **Image 26B** are walk behind, self-propelled carpet extractors for deep wet cleaning and routine maintenance of large carpeted areas. The target markets are airports, convention centers, schools, hotels, large office buildings, sports arenas, cleaning contractors, and casinos.

The **Mini Spot Kit** is a combination of a Mini Spot carpet extractor, a two-wheel cart, spotting chemicals, and all accessories to perform carpet spot and upholstery cleaning. The target markets are clean-

Image 26E



ing contractors, and all public and commercial facilities with carpeting.

The **503 Upright Vacuum** is a "buy for resale" machine that has been dressed in ALTO blue and wears the label of Clarke Technologies. This offering fills a gap of having a mid-priced, single motor upright vac with an all metal frame. It is also targeted for cleaning contractors, and all public and commercial facilities with carpeting.

**3DS** (Three Disc Sander). Another offering launched in September is the 3DS. This offering supplements our offer-

3DS



ings in "IPHS" (Indoor Preparation of Hard Surfaces)

applications. Our wood floor sander offerings American Sanders Technology, lacked a fine finishing machine. Its target market is the wood floor installation and refinishing contractors ■

## Full Steam Ahead

New ALTO steam cleaner will be making life difficult for dirt, bacteria, and dust mites and easy for its users.

Without its hoses and accessories, the new ALTO STC steam cleaner looks a bit like a stand-in robot ready to enter stage left as lovable little R2-D2 from the Star Wars movies. Just like R2-D2, the STC cleaner is a real little helper, one that performs cleaning tasks that were almost impossible before. It also makes some time-consuming jobs easier and faster.

The end is near for tough-to-remove grime, auda-

cious dust mites, and rapidly reproducing bacteria once this steam cleaner shows up. Even the most persistent dirt can't survive pressurized steam with a temperature of 140°C (284°F).

The STC cleaner was designed and specified in cooperation with an Italian manufacturer and, of course, it is ALTO's new pretty blue color. There are two models: the STC 2000 and the STC 3000, the difference being in capacity and a larger water container. The STC 3000 also features an abundance of accessories. Both models are expected to be sold to private households ■

*In September, ALTO launched the new STC steam cleaner that cleans without using cleaning agents. The steam makes for a cleaner home and a healthier indoor climate.*



## A Dispenser Shows Its Muscles

In September, Wittenborg UK launched the very modern MARINER freestanding hot and cold beverage dispenser. The MARINER is a strong product: low in price and high in performance and service friendliness - thanks to the strength of the entire Wittenborg Group.

MARINER looks modern: its design reflects the more modern idea of utilizing the technologies, systems, and know-how contained in the various companies of the Wittenborg Group. Naturally, the idea is to create high-quality products at low prices. Products must incorporate the



*One of Wittenborg UK's guests was by far England's largest vending machine customer: Associated Vending Services Ltd. (AVS), represented here by Managing Director Brian E. Tustain. AVS buys about 2000 dispensers and vending machines a year, but only a few hundred of them from Wittenborg. MARINER attracted the attention of Mr. Tustain, here seen together with NODI manager Paul Johndrow.*

user-friendliness customers demand, whether customers are operators who have to fill up and clean dispensers or busy students who just want a cup of good, hot tea on their way to class.

During Open House Week at Wittenborg UK, the operators were shown the MARINER dispenser for the first time, and, judging by their first impressions, sales will be good. The MARINER seems to satisfy the above-mentioned demands perfectly.

Paul Johndrow, NODI manager for the MARINER project, explained to the group of operators followed by this reporter that the MARINER dispenser is made of the best and least expensive units necessary to make a hot and cold beverage dispenser. This is a field in which the Wittenborg Group is able to use its synergy as a major international concern with many technologies and a great deal of know-how.

MARINER will only be sold in England, Scotland, and Ireland to start with, but will most likely also find its way to other European markets as well ■

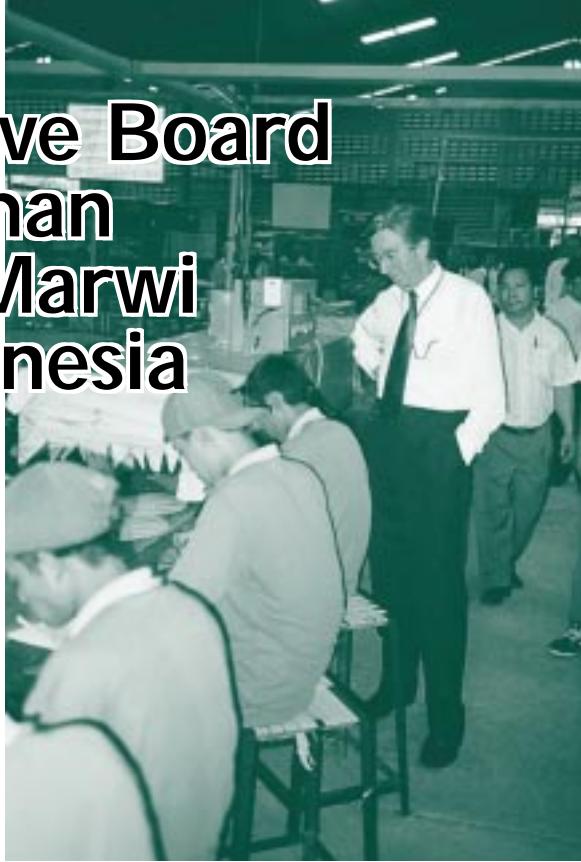
# Incentive Board Chairman Visits Marwi in Indonesia

“Cold weather”, which in Indonesia means +30°C and very high humidity due to the approaching monsoon season, was what greeted, but did not daunt,

Incentive Chairman of the Board Erik B. Rasmussen when he

and Incentive CFO Poul Erik Tarp and Marwi International CEO Peter Trampe visited the Asian branch of the Marwi Group in Indonesia.

Rasmussen met the employees of the company and toured the new 6500m<sup>3</sup> factory



*In mid-October, Erik B. Rasmussen, Incentive chairman of the board, visited Marwi Indonesia, where he, Poul Erik Tarp and Peter Trampe met their Indonesian joint venture partners and saw, among other things, the new aluminum pedal production hall.*

had the destructive effect on the Marwi Group that one might expect: actually quite the opposite, since the low international currency rates

extension, the new home for Marwi USA machinery in transit and the expanded facilities for the production of aluminum pedals. Rasmussen was also told about the economic crisis in Asia and Indonesia. It has not, however,

have made Marwi's pedals and seats even more competitive with respect to price ■

# Working Capital

## Status Report on the Project

**The project has been running for quite a while in the U.S. and is now being actively implemented at our factories in Europe.**

After having run the project in the U.S. since April, we have now finished the documentation and proposal for new methods of implementing the project in Europe.

*The project consists of the following sub-projects:*

### **Lean Production**

Making our production more efficient by eliminating activi-

ties that do not create value

#### **Supply Relations**

Reduction of supplier delivery times, inventories, and total costs through a closer and better-structured relationship with our suppliers

#### **Shipping**

Reduction of local inventories by reducing total delivery time from factories

#### **Life Cycle Policies**

Elimination of unmarketable products and introduction of policies to work against future unmarketability

#### **Training**

Training employees not directly affected by the other projects

#### **Receivables and Payables**

Making our handling of debtors and creditors more efficient

The "Lean Production" and "Supplier Relations" projects have been running at ALTO Springdale since April and at ALTO Bowling Green since July, with noticeable results. The other projects will soon begin affecting ALTO in the U.S. as well.

At the beginning of September, the Working Capital Project started at Wittenborg with an introductory meeting at

the Bilston factory. Work with a local project group is currently in full swing, with the assistance of outside consultants. At Bilston, the project comes in direct continuation of the work already done there. Later in the year we will be starting up at Wittenborg Reinfeld, and in the spring of 1999 at the last two production locations in the Wittenborg Group: Schaeerer in Switzerland and Wittenborg Odense. Once the European industrial summer vacation is over for ALTO Europe, we will start the project running at Hadsund, Denmark ■

# Incentive Resource

## New Asian “Shopping Mall” Now Open

With the help of local expertise, it is now possible for all factories in the Incentive Group to purchase goods in Southeast Asia. Local expertise will be supplied by Marwi International's Taiwanese/ Indonesian partners Mr. C.C. Pai and Mr. Tony Pesik together with a special staff in Taiwan.

Incentive Resource was established to enable Incentive employees to utilize the local network and the purchasing expertise already within the Incentive Group. The Marwi Group's joint venture partners



have many years of experience with suppliers in Southeast Asia: not only can they choose the best of the many suppliers on the Southeast Asian market, they are also able to obtain prices that are very competitive.

Incentive Resource now makes it possible to obtain quotations for almost anything, from

tools and standard components to raw materials.

“There is a wide variety of options in Southeast Asia with respect to suppliers, with many different production facilities able to supply different volumes and qualities of products. Many of the suppliers in this region have been trained

*Incentive Resource provides new opportunities for “shopping” in Southeast Asia with expert assistance from Marwi International*

*joint venture partner Xerama. Left to right: Peter Trampe, Mr. and Mrs. Pai, and Ms. Debbie Wu discuss a brass piece.*

by Japanese and American companies to be quality sub-suppliers,” says Marwi CEO Peter Trampe.

It is also true, however, that many can tell horror stories about how badly things can go with suppliers from Southeast Asia. Sometimes the quality of the products they deliver is poor, the delivery time is too long, or they deliver the wrong product.

Says Trampe: "When things go wrong with Southeast Asian suppliers, it's usually one of three things: not knowing the suppliers on the market well enough, poor communication, or no on-site quality control. Incentive Resource gives us a way to avoid these problems, allowing us to use our experts in Taiwan and Indonesia, who know the Asian markets."

### Oh...a Local!

The first thing Incentive Resource can do is help obtain offers and help purchase raw materials, standard parts, and tools. "When you have a first meeting with a supplier in

Asia, it makes an immediate difference if you walk into the room with, for example, Mr. Pai. All of a sudden their customer is a local, not a European like they usually deal with. Knowing a lot about the supplier's cost situation makes all the difference," says Trampe.

Knowledge of the language and the market is also part of why Trampe believes that Incentive Resource can provide vital assistance in obtaining the best offers.

"When you outsource, it often turns out that the documentation and descriptions of the product aren't quite correct, but things went well anyway because the supplier was right next door. When you send the same drawing to China, the same mistakes can easily turn into thousands of products that don't conform to specifications. This is where good

communication and - above all - on-site quality control are vital," Trampe explains. Marwi's CEO speaks Chinese fluently himself, so he can talk with Marwi's Xerama partners in their own language.

Xerama and Marwi International together manufacture a total of 20 million pairs of pedals annually and are thus the world's largest supplier of pedals on a global market of 100 million pairs of pedals.

"Incentive Resource doesn't have a monopoly on the Group's purchasing activities in Southeast Asia, but we think we're a good alternative within the Incentive Group framework," concludes Trampe. He and his staff are ready to go out there and get good offers ■

## Milestone Boards

If you want to know what your company is up to, it is possible to find out in more and more places, such as here at Wittenborg in Odense. To the right of the board is a small reference work providing a brief description of each project: purpose, goals,



schedule, financing, and participants ■

# Wrapped in the Future

## Opening of Wittenborg UK a festive event with professional benefits

When Brits throw a party, they do it with flair - that was clear when the Wittenborg Group's British company, Wittenborg Group UK, opened its "new" production facility at Bilston.

In his short speech to an audience of employees and guests on the first day of the week-long open house arrangement, Wittenborg Group CEO Steen Bjerre commented on how different things looked just one year ago. Then, Wittenborg had, for historical reasons, two sales offices in the U.K.; production of the large free-standing Sankey hot- and cold-beverage dispensers was (and still is) at Bilston. Collaboration between the two offices was, however, not a part of everyday working life. Employees were

almost forbidden to speak with employees from the other company, and selling each other's products was unthinkable: they were the competition!

The production facilities have not been moved, but everything has changed. Today, the two sales units are gathered under the same roof, in Bilston.

### A Signal to Customers

One of the most crucial decisions was the purchase of the buildings in Bilston. The town of Bilston is a suburb of Birmingham, a city with a population of more than a million located in central England. Everyone waited with a tinge of fear to see what would happen when the lease on the old buildings ran out at about the turn of the millennium. Incentive and Wittenborg decided to purchase



them, however, and this move cemented the factory's future, with Bilston as the pivotal location for the Wittenborg Group in England, Scotland, and Ireland.

Said Bjerre while the fall wind blew so hard it made the huge silk ribbons wrapping the front of the building swing: "We have invested a great deal of money, first and foremost in the purchase of buildings, but also in line production and renovation of both production and office facilities. Our investments have changed Bilston from something looking like a remnant from before the war to a modern factory with modern facilities. This sends a very strong signal to our customers in the U.K. that we

*That very same afternoon, the business section of the Birmingham Post carried the story of the official opening of Wittenborg UK in Bilston. It was especially a good day for production line staff member and soccer fan Suresh Patel, who had his picture taken with Wittenborg CEO Steen Bjerre and Steve Bull while the latter was signing Patel's soccer ball.*

are very much here today, and that Bilston has become a vital participant in future developments" ■

## New Leasing Company in France

Incentive Financial Services has set up a new subsidiary in France. The name of the new company is ALTO Leasing S.A., and it is intended to function as sales support for ALTO cleaning equipment. Finance Manager Gilbert Steck, ALTO France, will be in charge of leasing-contract administration and training of salespeople and distributors ■

**September saw Wittenborg's NODI managers bring employees closer to an understanding of what NODI is, in a total of fourteen one-day training courses.**

"Everyday life with the NODI process" was the theme in September, when more than 150 employees from the various Wittenborg locations met with one of four NODI managers: Paul Johndrow, Jørgen Madsen, Rue de Silva, or Jan Sørensen. The goal of the fourteen one-day courses was for the invited participants, who are either directly or indirectly involved in NODI processes, to achieve the shared understanding of the NODI process and the "cookbook".

However, before the multitude of meetings were to be held with the NODI managers, a meeting agenda was prepared based on a questionnaire

which all participants were asked to fill in. Their answers were to tell the four managers which areas needed more explanation when the groups met in Denmark, Germany and England.

"One of the reasons we have these training days is to train the organization, enabling people to take part in projects and face any resistance from managers reluctant to allow them to participate in projects," Rue de Silva told one of the 14 groups on the day he met with them in Odense.

NODI is the process now used by Wittenborg and ALTO in their everyday work procedures, not just in the development of new products.

"Of course, it is also the process we use when develop-

# NODI Every Day

ing new products: we already used it for developing and launching Mistral in Italy. Before, though, we focused much too much on the machine and the technologies. What about areas like delivery, financing, supply of spare parts, instruction, training of operator technicians, et cetera, et cetera?" said de Silva.

As a tool to help people use the NODI process, a "cookbook" has been written that

explains, step by step, how to implement a NODI process, just like a recipe. Everyone knows that if you use a recipe as a set of guidelines rather than instructions, and adjust the menu to suit your tastes of those of your guests, then you approach a unique result suited to the actual situation.

Thus, the cookbook should be seen not as a finished manuscript telling about the process, but as a tool that will and must undergo constant development as employees report back with suggested improvements ■



*Rue de Silva and the rest of the Wittenborg NODI managers hope that, as a result of their course, course attendees will spread their new understanding of NODI to other colleagues in their organization.*



## Press Releases

29.Oct. 1998

[Stock Exchange Announcement](#)

26.Aug. 1998

[Interim Report 1998](#)

20.July 1998

[Incentive A/S makes acquisition for Wittenborg](#)

02.June 1998

[Welcome to Open House in the New World of ALTO Cleaning Equipment](#)

11.May 1998

[Wittenborg A/S has today signed a Letter of Intent with M. Scharer AG](#)

06.March 1998

[Ten World-Renowned Professional Cleaning Equipment Brands United](#)

## Annual Reports

11.May 1998

[Annual Report 1997](#)

## Interim Reports

21.Aug. 1998

[Interim Report 1998](#)

## Newsletters

02. July 1998

[Incentive Inside-Net 1. 1998](#)

16. Sept. 1998

[Incentive Inside-Net 2. 1998](#)



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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 Wittenborg 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.