

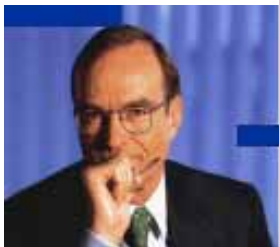
# Key Account's Vision



Extract of The Partnership Concept from SIEMENS AG



**” Open markets are buyer's markets.  
Only the best suppliers will held their own.”**



Interview

**SIEMENS**

Andreas Kley

Member of the KWU Executive Management

Proactive Energy Management

# Key Account's Vision

Extract of The Partnership Concept from SIEMENS AG

*Andreas Kley, Member of the KWU Executive Management*

We welcome the developments in the world marketplace without reservation. The power plant market — like any other market — needs free development, needs honest competition. Free play of the market forces is the only way to guarantee that the hidden resources will really be mobilised to implement innovations promptly and to reduce costs. What the world market is looking for nowadays is not only quality and leading edge technology but also, and especially, an affordable price. With good technology alone, no matter how good the technology, we are no longer able to hold our own on the market, if the price is not right. This is a lesson we have had to learn.

If we want to be in the Power Market

We must:

- have a good technology
- the best access to low prices (**Market Price**)

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Of course we still have to make the greatest possible effort to maintain our position in the world marketplace. Anybody who gets carried away by his initial success, who stops trying and loses his bite, is going to lose his customers, too. One thing is clear: open markets are buyer's markets. Never before have the power producers had such good cards and such a free choice among the world's power plant builders. This means that the suppliers have to mobilise all their forces

If we want to be in the Power Market  
We must:

- be capable to mobilise capacities

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## Globalisation as fitness program for us, too?

Yes, of course. Only the best will be able to stand the pace in open markets with open borders. And the best are not automatically the biggest. The best — they are the most versatile: **only those who can adapt most quickly to changing markets and changing customer needs can hope to stay in the lead.** Not just "big" but also "quick" is beautiful. And with all due pride in what we have achieved to date — I think we are going to have to up the pace a bit more.

If we want to be in the Power Market

We must:

- be "global minded"
- be awake to notice all changes
- be able to understand the Customers real needs
- be flexible to response to their needs

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**That means it is the customer who is the real winner in the globalisation steeplechase?**

I think so, yes. But our customers are themselves faced with stiff competition, because the power generation landscape has changed and is going to change even more. So testing the limits of feasibility in terms of prices and costs, too, is anything but a game in which each player tries to outbid the others. The rules are made by market forces, and they apply to our customers, too. So everything we do to become even better and more effective helps our customers in their fight for market shares. We see providing this assistance as our priority task and our prime opportunity.

If we want to be in the Power Market

We must:

- be ready to help our Customers to be competitive
- be capable to offer at the Market Price

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**You mean we are pursuing a kind of community of interests or "battle alliance" with our customers?**

We are pursuing a clear "win/win strategy": comprehensive partnership with our customers is an alliance for mutual success. This partnership idea is finding more and more advocates in the market. Our customers have recognised that we are making great efforts to make them more successful — and above all that they really are more successful with our assistance. This is not just a question of the right technology but of how we get on with each other, of mutual respect for the interests and wishes of the other partner. We have learned a lot on this count.

If we want to be in the Power Market

We must:

- Contribute to a "Value Creating Chain" community
- be ready to think "win/win"
- be ready for profit sharing
- be ready for true partnership

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Globalisation is not just a question of worldwide presence. It is a question of attitude. I think we are going to have to adapt more strongly, and above all mentally, to changing conditions, to the people with whom we do business — as customers and as suppliers. Globalisation calls for a special style of management — this is something of which I am convinced — a leadership that is more strongly coaching-oriented. For this reason, we will have to redouble our efforts to evolve our management style based on real delegation of authority and responsibility still further.

If we want to be in the Power Market

We must:

- switch to the globalisation attitude ( diff. Worldwide presence)
- be ready to move from worldwide presence to global operation
- be ready to move from rules dictating management to “coaching-oriented” leadership
- be ready to observe and listen to the market to understand the market rules

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## Where is the difference between internationalisation and globalisation?

A global company will certainly not be managed from Erlangen alone. It is simply not practicable for decisions on which, for example, customer satisfaction in an Asian country depends to be taken from Germany. A global company, as we understand it, strengthens its decentral intelligence and shifts decision-making more toward its local operating units. Here we can identify certain parallels to automation in the power plant: The "intelligence" must be "on location", not just in the central control room; only then will everything work effectively.

If we want to be in the Power Market

We must:

- be ready to move from internationalisation to globalisation
- be ready to set-up the "market sensor or intelligence on location"
- listen to the market rules at its location (global) and offer the product pulled from the market

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## **Are we still too centrally, if not to say too centralistically organised?**

You bet! Despite all the good intentions at all levels: decentralisation doesn't come of its own accord, and it doesn't come overnight. Without doubt, we have already achieved quite a lot, perhaps even more than some would have credited us for before we really got going. We are operating close up to our customers worldwide, we have set up a strong chain of centres of competence and service support centres around the globe, and we have gone a long way in terms of empowerment, too. Nevertheless — here, too, the same applies: anybody who is satisfied with the first taste of success has failed to appreciate the essence of globalisation and is not going to finish the course.

If we want to be in the Power Market

We must:

- decentralise the operations
- centralise the supports to the decentralised operation

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That we have to fight for every customer! "By appointment to" is another concept that belongs to the past. Nowadays, IPP projects, especially, specify the rating and the availability, the price per kilowatt hour, and the life-cycle costs — and that's it. Either we can deliver the goods, or we can say good-bye to the business. We are already working on this basis worldwide.

If we want to be in the Power Market

We must:

- be ready to consider our contribution to lowering the price on the customer terminal point
- be ready to set-up the "market sensor or intelligence on location"

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Thanks to globalisation we can gain access to new markets and new customers. With our customer-oriented, partnership approach we have every chance of winning over new customer groups. Our pro-active offensive is well received, because it epitomises our determination to give each and every customer what he needs. In the past years we have again made a concerted effort, and we are going to stay on the ball. What is more, we have gathered strength by entering into co-operation agreements and alliances, through acquisitions, and by setting up new regional centres of competence. But above all, we have become more versatile and more open. I am convinced that, with our healthy competitive orientation we have every chance of succeeding on the world market. We are a factor to be reckoned with.

If we want to be in the Power Market

We must:

- be Customer-Oriented
- be Customer-process Oriented
- be market driven
- give the Customer what he needs
- be pro-active and not re-active (1st step of the 7 steps of the effectiveness)

Don't hesitate to contact us

Thank you

for

your

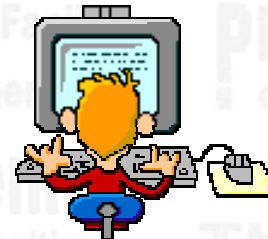
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More concept details are available by opening our webpage at the index INFO

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