

An Interview with Thomas Koepfer

Michael Goldstein, Publisher & Editor-in-Chief

I recently had the opportunity to sit down with Dr. Thomas Koepfer, whose family company, Josef Koepfer & Söhne GmbH, was founded in 1867. Over the years, the Koepfer name has become one of the best-known in the gear industry, with company operations including the manufacture of gear machines, cutting tools and gears. Today, Koepfer is part of the EMAG group of companies.

Thomas's broad experience with the full gamut of gear manufacturing operations gives him a unique vantage point. We're pleased to bring you his insight in the following interview.

Q: Your family company, Josef Koepfer & Söhne GmbH, has gone through many changes in the last ten years. Can you describe them for us?

A: At first, Koepfer was, I would say, a typical old family business, like many others in Europe. I'm the fourth generation. When I started with the company in 1994, there were 20 shareholders, the result of the historical development of the company passing through different generations.

In 2005, more or less by accident, I met Mr. Hessbrüggen, CEO and shareholder from EMAG, who was looking for some knowledge in the field of gear manufacturing. They had previously cooperated with Liebherr, but discussions developed about a cooperation with Koepfer. At this time, I was also faced with all the questions of internalization and globalization. When I started in 1994, 90 percent of our machine tool business was done within Europe, with only a few machines going to the United States, but that has changed dramatically over the years. Being faced with requirements and questions like service and sales capabilities

around the world, I was always open to discuss cooperation with other companies that could help us get more access to the world market than would have been possible for us, a small, niche company.

After those discussions, the EMAG company eventually bought all the shares in Koepfer, except mine. I kept my ownership. EMAG is the majority shareholder in all the Koepfer companies. The other family members, from two or three generations back, have sold their shares. So, that's a little bit of the history of why we became a member of the EMAG Group.

Q: What are some of the business activities of EMAG? Who are they, and what do they do?

A: EMAG is one of the largest machine tool builders. In 2008, the group's sales were a half-billion euros in machine tools.

EMAG is a group of different mid-sized companies, originally starting with turning machines, but today offering many types of machine tools, including turning machines, gear hobbing machines—which is done by Koepfer—as well as grinding machines. So, it is a group of companies trying to offer an increasing number of products necessary for the complete work stream of manufacturing components, such as gears.

The holding organization tries to support the different group companies with central purchasing, computer business and management for the whole group, but in general, the companies are kept really independent as they originally were. We share a worldwide sales and service organization, which is important for mid-sized companies.



Dr.-Ing. Thomas Koepfer, CEO of Jos. Koepfer & Söhne GmbH.

Q: Is EMAG's main focus gears, or other processes?

A: The focus is not primarily gears, but strategic components. EMAG started out with the turning department, but it specialized in strategic components. That's the reason why it wanted to have some knowledge and know-how in gear manufacturing. EMAG is working on manufacturing bigger components, but traditionally, it has worked in the automotive and truck range.

Maybe one sentence would help you a little bit to describe EMAG. I think EMAG is specialized in what we call multi-functional machinery. That means we're building or adding different technology into the base machine, and that's where the EMAG Group is a formidable market leader.

Q: What is your present relationship and responsibility with EMAG and Koepfer?

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A: *I am the CEO of the Koepfer Gear Cutting Division as well as the Koepfer Machine Tool Division. So there was no change from the time before EMAG. The IMS Koepfer Cutting Tool Division has its own CEO, but I am on the board of directors. Since last October, I have also been a member on the board of directors of EMAG Holding. So today, I am more involved in EMAG than I was before.*

Q: **What is your perception of the machine market in various parts of the world and your expectation for the next six months to a year?**

A: *I think the machine tool market—both in the United States and worldwide—will recover from the dramatic downfall of a year ago. And in Europe, the German Machine Association and Oxford Economics predict that in 2012, we will have the same level of produc-*

tion we had in 2008. I personally doubt that we will reach that level within that time. But I'm relatively sure that it will recover in the United States, as well as in Europe. And if you look at Asia, there was not the dramatic drop as in the other countries. So, I think it will recover, but slower than we would maybe like it.

Q: **Is China part of EMAG's future?**

A: *Yes, it definitely is. EMAG has four sales and service offices in China already. Last year, China was the second-biggest market for the EMAG Group, after Germany. We're really working hard to improve even that. We are considering starting with localization in manufacturing for the Chinese market. And, talking specifically about Koepfer, not the entire EMAG Group, last year Koepfer sold more than 50 percent of all its machine tools to Asia.*

Asia is a strong market, and we try to improve there because we believe that's more or less the only really growing region in the world.

Q: **Do you find that the Chinese are allowing you to sell there if you partner with them, so they can absorb your technology, and someday they won't need you?**

A: *I'm sure there is some truth that they will absorb many of the things they get. The Chinese, especially in the machine tool business, I feel they strongly focus on their own market, and they want to use that not only to destroy all the other markets in the Americas and Europe, but also to improve their own level of productivity within a very, very short time. Therefore they want to use the technology. The gear market might be a little bit different because it's a niche market, and it's less interesting for them to manufacture specialized machines than with the turning machines. But, I think there is surely a risk that they will absorb and fight the Europeans and Americans. But, I think we are not able to avoid that and it is not a specific Chinese topic—competition today is global. You can try to participate and maybe to partner with them.*

I think maybe the Chinese are not so different from all other countries. I think the Europeans buy European if they can buy European. If you think about the Japanese, they are also trying to keep all their business internally. Also, I remember reading something about "buy American." So maybe the Chinese are not too much different.

Q: **Tell me about some of the synergies you've experienced in the consolidation of EMAG and Koepfer.**

A: *In the machine tool business—and I'm not talking about the gear manufacturing business, which is a completely different business, where more or less EMAG's only role is as shareholders—we take benefit and some synergies out of the group organization.*

We participate on shows worldwide, and we have local representatives worldwide. Across our product line, we can offer 24-hour service all



The EMAG/Koepfer twin-spindle VSC 400 DUO WF combines the functions of turning, gear hobbing, drilling and orientated milling on a single machine.

over the world, we have service people doing some work for the EMAG Group.

Part of the idea of the EMAG Group is that they don't want to destroy the identity of the specialized companies. That's why it doesn't destroy the brand names. It wants to use the expertise out of the different fields of its business activities.

That's why, for example, Koepfer in Schwenningen, where we build the machine tools, we are responsible for all gear-related questions coming up in the EMAG Group.

Q: What innovations, changes or trends do you see in the coming years that will impact the worldwide gear manufacturing community?

A: I think there will be the tendency toward multi-functional operations—machines that can do more than one specific operation. That might be one trend, but I think there are different trends, and the trend depends on the market. They also depend on different applications. I think you can't compare, let's say, wind craft with automotive, nor automotive with electrical power. There will be different trends, but I personally think multi-functional machines will be one strong trend.

We started when we sold several machines based on EMAG turning machines, but we added a complete and real gear hobbing application, with gear hobbing software. It's 100 percent turning machine and 100 percent gear hobbing machine, and a gear is really finished within one machine—turning on two sides, hobbing and deburring in one operation.

People don't want to set up machinery. Saving on setup times is an important tendency. The main focus is the organization around the machine. The organizational questions will become more important than whether you cut a part in 20 seconds or 22 seconds. I think the time you lose by all the work around the actual part cutting is more important.

Q: Do you also see a trend toward fewer and fewer machines, requiring less and less floor space and fewer and fewer operators, but still producing more and more product?

A: I think the machine tool industry is a self-killing industry. As productivity increases with the same amount of components needed, you'll need less and less machines. Because by increasing productivity and not having the same increase in the amount of components needed, you'll need less and less machines.

Also, I think there will be different requirements of the people working on the machines. It's a question of training, of educating people. The probabilities for lower-trained and lower-educated people will become more difficult in the future.

Q: Do you foresee any new technologies that will be coming and impacting gear manufacturing?

A: It's a shame, but I don't see too many new technologies, but rather there will be continuous improvement in all the different fields. ⚙



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