

BUSINESS RELATIONS WITH ASIA

Denmark

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Danfoss: Making China its second home market

Think big. That's how Danfoss is approaching the vast Chinese market. The 73-year-old family-run manufacturer of

refrigeration, heating and motion control systems is already Denmark's biggest industrial company and the market leader in Europe. Now it wants to make China its second home market. "The products we make are what you typically need in a modern society," says Danfoss president and CEO Jørgen Clausen. "Therefore, China is a huge opportunity for us."

Danfoss entered China in 1993 and has grown 50 percent annually. Revenues in 2005 were 1 billion RMB. The company has been quickly establishing production in China and today has 1,000 mainland employees. Half of its China output is sold domestically and the rest is exported.

That's just the beginning. Danfoss wants to have a 4 billion RMB turnover and 3,000 employees in China by 2008, and hopes to be number one or two in each of its product lines within 10 years. The aim is to match its European success. "We want to have the same high market share as in Europe," says Clausen. "We need to do it now when the competition is small and young." Danfoss recently bought a Chinese

company that specializes in low-end motion control systems, which complement Danfoss's high-end product. With the acquisition Danfoss gained a large plant in Wuqing.

R&D center and plans to ramp up quickly to meet the needs of customers who are also growing their Chinese R&D facilities. Danfoss has a formal training pro-



The company is also building more of its own factory space. One new facility should be completed this spring. "When that is finished, the question is whether we should break ground on the next factory," says Clausen.

To supplement its growing production in China, Danfoss is building its research and development capacity too. In 2005, Danfoss established an

program to develop Chinese managers as they look to create their own leaders. Hiring local employees is a key to the company's strategy. "Everybody knows that we are of Danish origin but we would like to have a Chinese face," says Clausen. For example, when Danfoss hired 15 local Chinese engineers they were brought to Denmark for six months of training. While there, they worked with Danish engi-

neers on developing a new kind of inverter. Now the Chinese engineers are back in China and working on their own.

At its hometown in Nordborg, the company created Danfoss Universe, a new science amusement park designed to develop engineers of the future. "The park is intended for young kids to come and see how technical things work so it is demystified," says Clausen. He hopes that young people and families from around the world will come to Denmark to experience the 150 attractions that explain how even the most complicated scientific concepts can be simple. Another goal is to encourage the youth to enter a technical or scientific profession.

While China is Danfoss's main Asian focus today, the company has been active in Japan for a long time. Danfoss Japan launched in 1960 and is an established refrigeration valve supplier. The company recently created a joint venture in Europe with a Japanese firm called Saginomiya. The JV produces products for both companies. Saginomiya has taken over Danfoss's Japanese operations, and now markets Danfoss products in Japan. Similarly, Danfoss markets Saginomiya's products in Europe and North America. Danfoss predicts the arrangement will help to triple its Japan sales.

BE>THINK>INNOVATE>

Innovation is the essence

It is innovation that makes Grundfos unique. We stand out because of our ability to constantly create new solutions to the ever-changing demands of the pump business. We meet every challenge and we are never afraid of taking the initiative - remaining true to our ideals calls for renewal.

Innovation is the soul of Grundfos.



Ferrosan's vitamin-fortified growth strategy in China

The company best known for promoting beautiful skin from within is now working on battling vitamin deficiencies in Chinese children. Ferrosan, the maker of skin-care supplement Imedeem, has formulated a chewable kids' vitamin to sell to Chinese parents, whose rising disposable incomes allow them to spend more on their children's



already in the offering. With the help of good partners, Ferrosan hopes Asia can provide 20 percent of total sales. "We are a progressive, growth-oriented company looking for an interesting collaboration partner within our space," says de Coninck-Smith. "We are developing a number of business options

for cooperating with companies in Asia on a broader scale, as well as looking at different entry strategies for China," says Jan Vistisen, managing director of Ferrosan Asia-Pacific. To get closer to the market, Ferrosan bought its Singapore-based distributor Bionax in 2003, thereby complementing own operations in Singapore, Malay-

sia, Hong Kong and China with strong partners in Japan, Australia and New Zealand.

The high-end Imedeem product has been sold successfully over the past 14 years in Asia, particularly in China, which could dominate Ferrosan's regional sales by year end. The product is backed by scientific evidence and supported with personalized marketing tactics that range from personal events to specialized department store counters.

Says Vistisen: "We are driving our business by getting right in the face of the consumer. It's not just about buying a box of pills for your skin. It's about providing a consumer experience and generating loyalty so they get the best possible value from our products."

health. "Vitamin deficiencies in kids are a real issue in China," says Niels de Coninck-Smith, CEO of Ferrosan. "We are keenly looking to find a way of intelligent access into the Chinese market."

The Danish firm seeks a local partner with vitamin supplement expertise, or a large Asian organization interested in forming a joint venture in China. Skin-care products formulated for different Asian markets are

Norden's long horizon for Chinese shipping industry

Norden's first steamship began trading between Nagasaki and Shanghai and along the coasts of China in 1875 and 1876. Today, the oldest international shipping organization in Denmark runs approximately 135 tankers and dry cargo ships that carry bulk commodities like iron ore, sugar, steel and refined oil products across the world. The 'new' Norden has grown over the past ten years from a single office of 25, to a global network. Its capitalization soared from \$30 million to \$1 billion over the period. Norden still seeks out partners who share its long-held values of flexibility, safety, empathy and respect for local cultures. Customers benefit from the firm's cost efficient transportation and deep-rooted commitment. "Clients come back to us



to their best capacities inspired Norden to sponsor annual scholarships for students and professors over the next five years at prestigious multi-disciplined Shanghai Maritime University. It hopes to raise its brand awareness among the decision makers of tomorrow, and encourage faculty progress in academic research. This patient commitment to China, which currently represents 15 to 20 percent of total operations, is one aspect of an extensive process.

over and over," says Carsten Mortensen, president and CEO of Norden. "We take great pride in our punctuality and reliability." With cycles of overcapacity regularly pressuring freight rates, the main challenge for the shipping industry is market volatility. Norden's risk management system

total risk exposure daily. "It's a religion for us," says Mortensen. Whether it owns or charters its vessels, quality is what matters. Norden's ultra modern fleet of double haul tankers is environmentally friendly and fuel-efficient. Its long perspective and belief in developing people

Norden views its scholarship program as a long-term investment for both education and training. "Education is a priority for Norden," says Mortensen. "We believe in the unmatched talent and potential of China's shipping industry." Norden entered

with Singapore Centre for Maritime Studies.