

Interview: Jodok Reinhardt - CEO, Metrohm, Switzerland



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By his own admission. Metrohm CEO Jodok Reinhardt has a dream job. He reveals how the company has become a successful and slightly different outfit when it comes to supplying the very latest chemical analysis instruments.

Metrohm has grown from a start-up in the 1940s to one of the most trusted suppliers of high-performance instruments for chemical analysis and today possesses a footprint straddling some 80 countries. Perhaps we should start with an introduction to the company, how it has evolved over time and what role you personally perform at Metrohm.

Well, as you've already mentioned, we are very proud to be one of the most reputed providers of chemical analytical devices. We focus on titration, ion chromatography, process analyzers and electro-chemistry. These business areas have evolved over the last 40 years and in all of these fields we are either the market leader or the second biggest provider of instrumentation and applications. In titration and pH-Meters, we have been market leader for a very long period already and in IC we grew a lot in the last 25 years. Just recently we have entered the markets for near infrared and Raman spectroscopy.

Indeed, we are particularly happy to supply the pharmaceutical industry for a variety of purposes. For instance, research, manufacturing and quality control are all areas where Metrohm supports the industry. We also work in logistics. For example, our latest spectroscopy instrument, a Raman handheld device, is now becoming of interest to a large number of pharmaceutical companies. It is

a very small device that allows the user to measure what is inside an incoming shipment very quickly and efficiently.

I joined Metrohm as the manager of the headquarters in Herisau, Switzerland and took on the role of the CEO of the Metrohm Group on 1st January 2016. My background is actually in environmental sciences. I specialised in environmental chemistry, including analytical chemistry. Later, I added an MBA from IMD. Today I feel very privileged in my current position because Metrohm is a very innovative company. It's a dream job that is essentially set around a mixture of ideas, talents, innovations and spirits. We cover both chemical and engineering elements and have managed to build up a significant global outreach which, through various subsidiaries, today totals some 80 different markets; and the international exposure is thrilling.

What have been your core priorities since becoming CEO? And what are the main challenges you have encountered?

Internally, we have been a very technologically minded company for many years. Not just our engineers, but also our management was driven by technical challenges, which ultimately led to many innovations that put us in front of competition and allowed us to grow quickly. Today, the firm has reached a size and a variety of product lines that need more attention on the bridge between our customers and the engineers. We are currently strengthening our product management function of all product groups. This will help us to meet our customers' current and future expectations not just regarding the analytical measurements themselves, but even more so regarding their workflows in the laboratories.

Externally, our biggest priority is to further enhance our market position in all technologies. Metrohm 'grew-up' as a supplier to chemical and petro-chemical industry, to environmental labs, to education institutes and – on a lower level – to all the other customer branches. Hence, in the last years we are strengthening our position in the pharma industry and in food, beverage and agro. But that's not all, with our Key Account Management and Innovation teams we want to partner more closely with our customers. In order to better understand the end-users of our instruments and applications and to embark on joint projects to develop our future products. Really addressing the true customers' needs is what I'm interested in most of all.

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What are Metrohm's main revenue drivers and how is demand changing from your perspective?

Research, manufacturing and quality control in the chemical industry, petroleum industry, pharmaceutical industry, academic research, contract laboratories, environmental monitoring and forensic analysis are some of our revenue drivers. However, Metrohm is used in virtually every lab in the world. Our instruments were even put in a science fiction lab in the Avatar movie. Overall, we are seeing an increase in the analytical instrument demand. Currently, there is steady market growth of somewhere in the region of 4-7% depending on the source. Society essentially needs more, quicker and more reliable analytical results with increasingly lower limits of detection; from the analysis of the coffee you drink to complex scientific questions in pharmaceutical research.

Geographically which are your most significant markets?

We have a very nice spread between the US, Europe and Asia. Each of these regions provides roughly one third of our overall turnover. Growth rates in Asia are still very high and the entire European market last year experienced better than expected results so we are ahead of our own expectations in Europe and we are also on track to meet our targets in the US. Metrohm is growing between 5-10 percent across all our regions with our greatest growth figure coming from Asia. Our workforce of 2,500 employees is also evenly spread across these regions. I'm happy to say that our economical business risks are well spread.

I notice Metrohm deploys the phrase "Closer to you" and you have dedicated teams to distribute your products. How do you achieve this with such a wide geographical footprint?

It has always been our strategy to build our own sales force. This approach was formulated and followed by my predecessors and it is a great asset of our business when attempting to drive innovation. We control the contact with our end-users. Without question this is one of the main reasons behind Metrohm's success. The majority of our employees are actually involved in sales and we are a sales company in essence. Many instrument manufacturers would love to have such a sales force at their disposal. The reason for this success is that with the sale of a Metrohm instrument, our customers not just are proud owners of a Metrohm device (that will easily last for 20 or more years), but also get continued and very high-level application support. And even more importantly, a personal relation to one of our highly-qualified sales engineers has started and will provide many interesting discussions about challenging applications and customer requirements for the instrument of the next generation.

You've managed to build this company in areas where many others would have developed huge partnerships. How have you managed to function across a wide range

of differing markets?

Right, this brings me back to actually answering your previous question: We keep using the same method to expand our sales force for many years. We first partner with local distributors and invest everything needed to establish long lasting collaborations with these independent teams.

Experience shows that this high level of autonomy and decentralized way of working works fine and these people become 'green blooded' even if they don't belong to the Metrohm group. Our logo is green and we call those who are very familiar with our products, values and attitudes 'green blooded'. Local entrepreneurship is very important to us.

When after some years the local owner of the company feels about retiring or for any other reason approaches as for a closer alignment, we step in and purchase his business from him in order to make it a Metrohm subsidiary. At the same time, the high level of autonomy, entrepreneurship and identification with the local company's success remains and of course the whole team and roles remain in place. This allows us to maintain knowledge and enthusiasm and adds the opportunity to more intensively learn from each other and leverage synergies within the Metrohm group.

Just recently we have introduced a "Metrohm Sales Handbook" where we collect best practices, processes and standards for review, learning and comparison by the local organizations.

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Metrohm was originally a family run corporation. Amongst all of this activity how do you maintain your corporate identity and your own ethos?

I believe it has a lot to do with the right balance of local autonomy and entrepreneurship on one hand side and on the right targets and standards coming from the headquarters on the other hand side.

The very long lasting working relations that we maintain within the group (and with our customers) are based on trust - and it is allowed to make a mistake within Metrohm, as long as you fail fast and learn fast. We are not letting go people for simple reasons, but invest in the team learning and social dynamics. With this we provide continuity, reliability and joint learning to ourselves and to our customers. On the other side, this approach may sometimes not result in the fastest growth possible. Our strategy says, "We don't sacrifice our standards and values for faster growth". In that sense, we might be considered a little conservative but in the long run this mentality helps us to connect closely with our customers. When it comes to the real customer benefits, such as guaranteed application and lowest cost per sample, Metrohm is the best you can find in the market

place. The personal relation between our customers and our sales force is where all begins and the grounds for success are built.

You've talked about success in the future and that the relationships you establish are relationships for the long haul. How does the fact Metrohm is owned by a foundation allow you to pursue a long-term strategy?

In 1981, Bertold Suhner made the decision not to float the company on the stock exchange but to transition the company into a foundation. It was a particularly charitable move as he could have earned a lot of money by doing so. The foundation continues to serve a non-profit purpose that is dedicated to the economic, social and cultural development of the surrounding area. The foundation includes local politicians, other company representatives, and in general looks at the welfare of our region. That radiates down into the company. Whilst we are a profit-orientated company, the foundation allows us to have a long-term vision, to apply entrepreneurial creativity and to take risk.

For instance, our entrance into ion chromatography: it took us two decades, but now we are a very close number two in the global markets. The same will happen with spectroscopy: we are just now entering the field as a very small player, but with patience and a steady and sustainable growth.

The fact Metrohm is owned by a foundation makes my role even more fascinating.

Innovation is a key aspect in Metrohm's long history. How do you maintain your innovative edge?

Simply put: focus. We don't lose ourselves in a multitude of products and services. For example, titration is a small niche market but one that has tremendous appeal for us. Niches like these help us to be at the forefront of innovation. Secondly, we are very proud to have loyal engineering teams here in Herisau - but also in Metrohm sites in the Netherlands, Slovakia, USA and India - and they maintain and drive our technical excellence. We are right now in the middle of setting up international innovation teams that will be put together from engineers from all sites and will be focusing on questions you can't normally look at whilst involved in demanding development projects.

Additionally, we are heavily investing in processes and digital tools to continuously reduce our time-to-market.

Tell us about some of your new innovations?

Last summer, we launched the new OMNIS Titrator and I am confident that this product puts us many years ahead of the competition. OMNIS includes major improvements of the titration itself, but even more importantly makes the work in the lab much faster, safer and easier. OMNIS includes a brand new sample robot which makes robotics affordable for every lab, regardless of the industry and the complexity of the application. Metrohm brings ease of work that previously may have been reserved to very few high tech labs to everyone. Another is called Mira – Metrohm Instant Raman Analyzer – which is a handheld device provided by our new team in Wyoming, USA – definitely ahead of competition. Also in our engineering teams in process analytics and electro-chemistry very interesting features will be launched soon. I cannot go into technical details but I promise our pipeline is full.

How important is it to be Swiss?

What we provide is a result of an analytical measurement. The quality and precision of these results help save lives or improve an individual's health. Here, providing Swiss quality helps a lot. We manufacture 90% of our products here. The quality control of our business is based here in Switzerland. We immediately control the quality of our instruments, quickly learn and steadily improve our products within short implementation cycles.

“Sure, we could pay lower salaries in other countries for manufacturing, but that's not the sort of company we are. We are innovators and want to make high-quality products quickly.”

For our customers, it wouldn't be cheaper or provide any other advantage if Metrohm manufactured in other places. Additional cost for quality issues and longer innovation cycles more than counterbalance the benefits from lower salary cost for manufacturing in other countries. The proximity of engineering and operations at all our product centers results in maximum speed and innovation leadership. Sure, we could pay lower salaries in other countries for manufacturing, but that's not the sort of company we are. We are innovators and want to make high-quality products quickly.

Why do you think Switzerland is such a talented nation when it comes to innovation?

Innovation is risky and dangerous. An innovative idea is a vulnerable seed that requires a protective environment. The stable economics and continuity in Switzerland allows the corporations to take risks. It's funny, stability and little change in the country on one hand, allows for vitality, dynamics and innovation on the other hand.

We tend to operate in a three year cycle. When we return in three years what will be different?

We will be global market and innovation leader in all the fields in which we operate. Everyone will know that Metrohm is the best you can get not just in titration and ion chromatography, but also in spectroscopy, process analyzers and electro-chemistry.

On a personal level what excites you about your role?

I personally love this company because it is large enough to have an international exposure and small enough to act as an entrepreneur. This combination makes my job truly fascinating. The company is at a dynamic turning point of an internal change of generation and of growing into a multi-site and multi-tech corporation. My team is a diverse and highly experienced group of impressive business personalities with whom I love to work every day. I believe we are addressing the today's challenges professionally and I know that we are growing faster than the market.

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