



Hermann Butting at the opening ceremony in Tieling, Northern China

Editorial by Hermann Butting

Change

Do we need courage to make changes?

To answer this question, I should like to begin with three quotations: "Nothing in the history of life is constant except change."

(Charles Darwin)

"When a ship is tossed to and fro, standing still and not moving is the way to fall down." (Ludwig Böhme)

"You can either change the world or change yourself. The second is more difficult." (Mark Twain)

Do we need courage to make changes?

"No!" could be the answer, because change constantly comes by itself. Many of these changes are the responsibility of other people. The banking crisis and the euro or the debt crisis have triggered a great many drastic changes. Globalisation is a change that has been with us permanently for a long time. We feel powerless in the face of such changes, because we cannot do anything to stop them. Changes like that are frightening because "they stir up the sea and endanger the normal smooth progress of our ship." So we have to move if we are not to fall over. Does that take courage? Not really, since all we are doing is using common sense.

Nevertheless, we all know that deliberate changes cost energy and courage, even if they are a necessary reaction to other changes. Every decision requires courage if we are not 100 % certain of the result in advance. But are we able to react to the many changes and catastrophes which seem to be hitting us more and more quickly?

At the moment my mother Ingeburg is working on a BUTTING chronicle. The family of my grandfather Hanns Butting had to flee from Crossen because of the Second World War. Our home, our economic existence, our company – everything was lost! Straight after their flight, my grandfather wrote to my father:

*"All we possess has either already been partly destroyed, or I fear it will be within the next few days. Generations built everything up, I handled it in the same way and kept on expanding it for you, and what will happen now?
... A sad story for you, my dear son. Everything has turned out so differently from what I imagined for my children.
But keep your chin up! Keep yourself in one piece so you can work, and then you and so many million others will use that hard work to build up a new life.
We will do whatever we can as parents to help you.
You are young, with your help and in closed ranks as steadfast emergency alliance, we will all – in friendship and comradeship – master our destiny, though it will be on a different, much more modest basis.
... At five in the morning I left our home ... and I'm homeless! But I keep in my heart the burning desire and hope that I will once again be able to work near our beautiful River Oder and will be able to help my family.

May God protect you, dear Hannshermann.
All the best, from your loving father."*



"Good relationships with people – in the family, with staff, customers and suppliers", Hanns Butting (front row in the middle) and Dr Hannshermann Butting (front row to the right)

What a situation! The word "change" does not come close to describing it. What can we learn from our ancestors about dealing with change, and even with brutal crises?

What really counts

First comes the question: "Was everything really lost?"

No! Anyone who examines in detail the flight and the rebuilding of BUTTING in Knesebeck sees clearly that in material terms almost everything was indeed lost, but that many things still survived:

- the will to work hard
- skill and experience in the sector
- the courage to start afresh and take advantage of new opportunities
- good relationships with people – in the family, with staff, customers and suppliers

It is especially impressive for me that in 1949, four years after the end of the war, master craftsmen and journeymen were still ready to leave their new homes and make their way to Knesebeck to work for BUTTING once again, if possible.

These virtues and good relationships were the real treasure that we were able to save. They were the basis and the condition that allowed us to deal with such drastic changes. We intend to learn from this experience and base our future conduct on it.

Neither we as a company, nor any individual among us will be able to foresee or even prepare for every single change. But I wish that all of us, both personally and as a company, will succeed in creating a stable base from which we can cope with all the changes. This will be easy if the wave of success carries us forward into the changes. It will be difficult if we lose our bearings, because "the wheel breaks", as happened during our flight to Knesebeck.

Over the last three years – and particularly in 2009 and 2010 – we have experienced what it is like when there are no orders, no work and no profits. Then it becomes very clear what matters to people – to staff, partners, customers, banks, suppliers and the entrepreneur himself. It was important to us as a company during the crisis to hold on to our good staff and come through the crisis together. We also succeeded in retaining our solid equity base. In spite of the crisis we continued to invest in the "clad pipes" product area which appeared strategically important to us. We did not only invest in machines, but also in development projects and strategic partnerships. That was how, with our partner, Subsea 7, we succeeded in demonstrating the reel capability of our BuBi® pipe (reeling = reel-capable means that pipes can be wrapped around a massive drum and laid by unwinding them). This was a condition for being honoured by Petrobras Brazil with the chance to supply clad pipes for the first deep-sea exploration of the pre-salt oilfields Guar and Lula. In addition we have signed a cooperation contract for marketing and producing the BuBi® pipe in Brazil with Vallourec & Mannesmann do BRASIL.



Investments are motivating changes! A new hall measuring 50 x 150 m to extend and optimize our 12 m production from plate; expected time of completion is Mai 2012

These investments in people, machines and partnerships have paid off. So in 2011 we were able to leave the economic crisis behind us and collect the largest order in our company's history. Both our plant construction works and the pipe works have entered the year 2012 with very good order books. We are convinced that we will cope well with the whole gamut of changes, providing we stay true to this basic philosophy and strategy:

- to do anything to be a strong, well-trained team which is committed to the company above and beyond what is the norm
- to pay due attention to a healthy equity capital base
- to listen carefully to our customers, so that we can invest our profits in the products or markets which they require
- to establish robust partnerships

Change ourselves

Of course, we must also constantly work on "changing ourselves", even though this is sometimes difficult. Thus last year we undertook a major change in our senior management: Dr Iris Rommerskirchen, former Managing Director of the Business Unit "Market" of BUTTING in Knesebeck moved to the Holding of the BUTTING Group, so that she could ensure right across the Group that strategic product and market development remains one of our success stories at BUTTING! In turn, Markus Bartsch, the very experienced Managing Director of our plant construction works in Schwedt, took over responsibility for market activities at BUTTING in Knesebeck in the middle of last year. With Ulrich Menter and Dirk Mitterhofer we were able to appoint two new and skilled managers for our plant construction works. Thus our two largest operating units within the company are run by teams of four.

Do we need courage to make changes? Yes.

Courageous decisions are necessary if we are to survive as a family business – and in my eyes we are still a smallish, manageable family business – in the age of globalisation, and also to cope with the demands of local markets. In May 2011 we were able to celebrate the opening of our plant in Tieling, Northern China. It was a courageous step for us to invest in plant and machinery so far away from our headquarters in Germany.

We acquired a site in Brazil in 2011. In the next few years we would like to produce clad pipes "made in Brazil" there. The plan to open a pipe plant on another continent is a major challenge to our ways of thinking and acting.

I wish you the courage to make changes where that makes sense. I wish you flexibility and the strength to make changes when that is what external circumstances require. And I wish you the wisdom to keep and preserve what is good and has stood the test of time wherever that is possible!

Kind regards,