

**Editorial**

**Hope**

Of all the virtues, my personal feeling is that "Hope" is the one we need most in these difficult times. The economic crisis has confronted us all with existential questions:

How much is my company being dragged down into the maelstrom of the financial crisis? How long is the economic trough set to last and when can my company expect to see an upturn? How long can we survive under-utilisation and poor earnings? Will I be able to keep my job? If my income drops or I am out of work, how will I meet my financial commitments?

What shows through all these questions ultimately is fear – existential fear. And not without reason: many companies have gone under during the current economic crisis, and many employees have lost their jobs. The biggest headlines in Germany have concerned Opel and Arcandor, but major companies in our own industry have been hit too: Sitindustrie in Italy, BSL in France and RathGibson in the USA, to name just three. What can help in the face of rational fear? Faith and rational hope.

**Practising the Virtues**

In March 2009, we held a meeting with around 30 managers at Knesebeck castle, the new headquarters of the BUTTING Akademie. Among other things, the BUTTING Akademie aims to communicate our values, the virtues that we live by. That is why we have named all the rooms in this splendidly restored half-timbered 17<sup>th</sup> century building after virtues. There are the three Christian virtues of Faith, Hope and Charity, along with the cardinal virtues of Justice, Wisdom, Courage and Moderation.

We began our management meeting by acknowledging that BUTTING's own figures and the general indicators of a recession all show that the firm has been completely caught up in the economic crisis. The 60% drop in orders alone, compared to the monthly average for the previous year, illustrated how suddenly and dramatically BUTTING in Knesebeck had been hit by the economic crisis. We then broke into small groups to discuss what it



**Hermann Butting plants a tree from his grandparents' land in Crossen on the Oder on the factory site in Knesebeck.**  
**"Even if I knew that tomorrow the world would go to pieces, I would still plant my apple tree" [Martin Luther]**

means for BUTTING and for us as managers to practice the virtues of Faith, Hope and Charity, Justice, Wisdom, Courage and Moderation in our working lives, and what happens if we ignore these virtues.

**The Difference**

Does this surprise you? You may be wondering what is the point of worrying about virtues in such a crisis situation. Try it for yourself: the results were overwhelming. Precisely in a crisis situation, I find that it does not just make a difference – it is THE difference. It makes a difference whether you as a manager really have faith in the strengths and the future prospects of your own company or have already started to resign yourself to the worst; whether you have the courage to present the current position of the business honestly and announce the necessary measures to your staff; whether you strive for moderation and restraint in making cost reductions or reduce staff costs quickly and radically by making redundancies; whether you sometimes paint the situation blacker than it really is to justify drastic changes; or whether you pass on every ray of hope that you may have picked up from your customers, to allay some of the fears of your staff.

Needless to say, we also approved a comprehensive action plan for cost reductions here at BUTTING in Knesebeck. Our staff have helped considerably by going without a Christmas and holiday bonus – and I would like to take this chance to thank them all once more – and by accepting short-time working since May 2009. It is our declared aim to weather the economic crisis without any compulsory redundancies in 2010 either, but to rely on our approved cost reduction measures, innovative solutions and good work for our customers.

**The Goodwill of our Customers**

We will only survive in the long term if we have the goodwill and support of our esteemed customers. In return, we offer you reliability, the best quality and services, and 'Progress by Tradition'. On page 36, for example, you will see that our BuBi® (BUTTING bimetal) pipe can now be supplied on reels. This means that the pipes can now be welded onshore and then wound onto a big drum. This drum is then transported to the site on a pipe-laying vessel, where the pipes are wound off. This is the cheapest method of laying pipes, but it is essential to ensure that the corrosion-resistant liner does not get bent.

From page 40 onwards, you can read about our latest patented invention, a mechanically bonded BuBi® downhole pipe. This product offers you cost-savings of 40 to 60% in the extremely corrosive exploration environment compared to the use of casings or tubings made of nickel alloys throughout.

I see these two developments as "rays of hope", both for our customers and for us at BUTTING.

**The World's most up-to-date Production Facility**

I think that another expression of faith and hope is the fact that we have not suspended a major investment during the crisis but are carrying it through to the end. Heat treatment, X-ray and ultrasonic testing constitute the last process steps in our 12-metre pipe production from plate in 2009. BUTTING now has the most up-to-date and sophisticated production facility

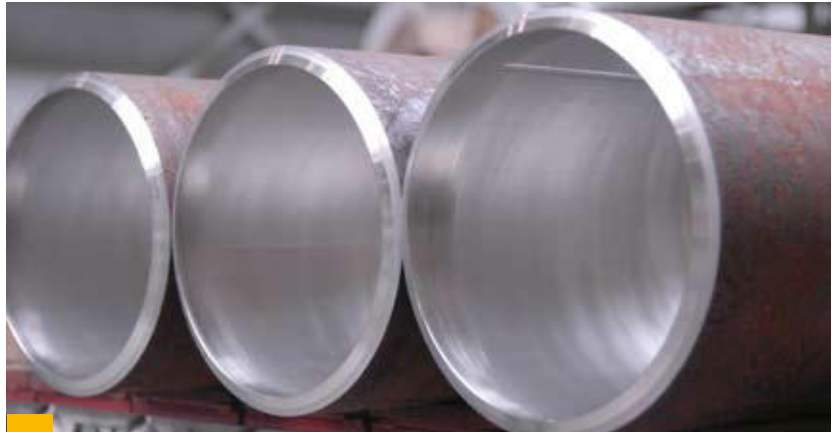
in the world for 12-metre pipes in stainless or clad steel made from plates. With this in mind, we look forward to the next major projects and the opportunity to put this capability to the test.

### Providing Jobs, providing Hope

BUTTING Anlagenbau, our plant engineering division in Schwedt, is located in a region of Germany marked by very high unemployment and a significant exodus of skilled workers to West Germany over the last 20 years. BUTTING has made a virtue out of necessity (skills shortages, unemployment) and developed an individual re-training and qualification programme for unemployed people. Providing jobs means providing hope. You can read the report from our Managing Director Markus Bartsch on page 22.

### Roots in Crossen

Trees are often a symbol of remembrance and hope. In the summer of 2009 some BUTTING Managing Directors and partners visited the town of Crossen on the Oder, where the BUTTING coppersmith's workshop was established in 1777. On the former site there is now just a lawn, but the house that my grandparents built has survived, along with the gardens on the private premises in more or less their original layout with tennis court and view-



**BuBi® pipes supplied on reels: "rays of hope"**

ing platform, with their views across the Oder valley. From this private plot came the little maple that has now found a new home on the factory site in Knesebeck and quite literally brings with it a few roots from our old home.

What a hopeless and despairing situation we faced at the beginning of 1945, when the Russian forces started to bombard and overrun Crossen. Faith, courage and hope were needed to set out for the West with just a few possessions on a horse-drawn cart. Faith, courage and hope were needed, when a wheel broke in Knesebeck, to start a sales operation right there and then to re-establish copper working and pipe and pipeline production in 1949 together with former employees from Crossen.

We must not forget this part of our history, these courageous and hopeful actions by our forefathers. In this crisis, it is particularly good to remember the example that they showed us. Along with the hope that springs from my faith that I am in God's hands, their example gives me the courage to go forward with renewed energy.

I wish you all renewed hope too.

Best regards  
Hermann Butting

**View of the Oder valley from the slopes of the former Butting family property**

