

# GERMAN AMERICAN TRADE

JULY/AUG 2012

## Festo's Bionic Creations



**Welcome, Colleague Specialist  
– Finding Skills in the U.S.**

**“Anything but Dirty” –  
21st Century Manufacturing Jobs:  
Trumpf Inc.**

**Welcome to the C-Suite  
Interview with Ralf Weingartner,  
New GM at DZ Bank in America**

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The joint efforts of the Representative of German Industry and Trade (RGIT) and the German American Chambers of Commerce (GACCs) in terms of engaging with the executive and legislative branches of the U.S. government continue to bear fruit with regard to improved conditions for investment.

There is no question about it: the voice of German industry has an eager audience in Washington. The unprecedented success of Germany's manufacturing sector, positive growth in Germany during the crisis, and low German unemployment have caught the interest of elected officials on both sides of the aisle. As such, we should now address pressing transatlantic issues and develop necessary solutions. The Obama administration has launched ambitious programs to spur domestic manufacturing and exports, yet serious obstacles to growth remain. High taxes, burgeoning health care costs, and competition for skilled workers were among the impediments to prosperity explored by American and German business, political, and technical leaders and experts in the context of the recent "Manufacturing, Innovation, and Workforce Training: What works in Germany and the U.S. for Jobs and Growth" conference (see related article).

I am optimistic that the current domestic political agenda will include trade issues, regardless of the outcome of the upcoming elections. Ongoing negotiations aimed at a transpacific trade partnership will be complemented by a new transatlantic agenda. As a first step, a high-level U.S.-EU working group has been formed. RGIT's principals, the DIHK and the



*Dr. Thomas Zielke  
President, Representative of  
German Industry and Trade (RGIT)*

BDI, have already reached out to the EU in this regard. At the same time, RGIT on behalf of the German industry has supported the development of the transatlantic agenda by providing input to the U.S. administration. According to research already published, an improved regulatory harmonization in the future, the establishment of more open markets in terms of public procurement, and the development of common standards will facilitate trade, drive down manufacturing costs, and create hundreds of thousands of jobs on both sides of the Atlantic. RGIT encourages input from the GACC membership, and stands ready to provide services, advice, and contacts from inside the Beltway.

Sincerely yours

Dr. Thomas Zielke

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## **SAP Workers Chide Management's U.S. Shift**

SAP AG's German works council said it's concerned about a shift in the balance of power within the company's leadership toward the U.S., citing an internal message. The workers are prepared to "contribute with all available means to ensure the relevance of Germany as a location".

>> [www.bloomberg.com](http://www.bloomberg.com)

## **USA Pushes Expansion of Smart Grid**

With a support program worth billions, the U.S. government has paved the way for a grid modernization. The private sector becomes more and more interested in so-called smart grid projects. Until now, some 100 projects have been initiated. Within the next 20 years, investments of up to \$ 476 billion will become necessary. The biggest portion is to be put into installing corresponding grids for electricity distribution. At the same time, the number of U.S. households equipped with smart meters is growing rapidly.

>> [www.gtai.de](http://www.gtai.de)

## **U.S. Geothermal Energy Picking Up Speed in 2012**

After two somewhat weaker years with lower market growth rates, the geothermal energy production capacity grew by 81 MW to altogether 3,187 MW in the first quarter of 2012 in the U.S. Additionally, 147 projects with a capacity of approx. 2,000 MW are in progress in 15 states. Of this, approx. 833 to 866 MW are still in an early project stage, about 199 MW are advanced and already in construction.

>> [www.gtai.de](http://www.gtai.de)

## **German Court Halts Sale of Microsoft Products**

A German court in Mannheim, Germany, upheld Motorola Mobility Holdings Inc.'s request for an injunction to halt sales of Microsoft Corp. products, including Windows 7 and Xbox 360, over alleged patent violation, the latest twist in a case that has spanned courtrooms across the Atlantic. A Microsoft spokesperson, however, said Motorola is prohibited from acting on the court's decision because a U.S. court granted Microsoft a restraining order on April 11 to prevent Motorola Mobility from taking action based on the Mannheim court's ruling. According to the company, business in Germany will continue as usual. Microsoft also plans to appeal the German court's ruling.

>> [www.marketwatch.com](http://www.marketwatch.com)

## **GM to End Production of Opel's Astra in Germany**

According to a German newspaper report, the U.S. auto giant is planning to shift production of the popular Astra model out of its Opel plant in Rüsselsheim. The move could spell the end of GM's biggest factory in Germany. Citing unnamed senior labor representatives involved in restructuring talks with GM's vice president, the newspaper wrote that the decision would be formally announced in the middle of May and would take effect in 2015. According to the report, Opel's works council at the Rüsselsheim plant had offered cost-cutting measures, including wage cuts, to the tune of EUR70 million (\$91 million) to finance investment needed for the new Astra to be produced at the factory.

>> [www.dw.de](http://www.dw.de)

## Germany Accelerates Implementation of Emobility Infrastructure

While global sales of German cars are outpacing the competition, significant efforts are underway to expand the emobility infrastructure in Germany. Four new model regions were recently selected by the federal government. In total they will be granted up to \$235 million to implement pilot and demonstration projects to showcase cutting-edge technology. "From suppliers to manufacturers to researchers, Germany's automotive industry is drawing companies from all over the world," said Emilio Brahmst, automotive industry expert at Germany Trade & Invest in Chicago. "The auto industry is the hallmark of German innovation. Nearly 40% of companies conducting research in Germany are from the USA, many of them in this sector. In the current environment, we see excellent opportunities for companies to invest."

>> [www.sacbee.com](http://www.sacbee.com)

## Brose North America Looking to Create 450 Jobs in MI

German automotive supplier Brose North America Inc. is interested in opening a factory in Huron Township, MI. Brose representatives were at the Board of Trustees meeting to discuss purchasing property and applying for an Act 328 personal property tax abatement. An abatement would exempt the company from paying personal property taxes on newly purchased items such as equipment for 12 years. The Coburg, Germany-based company recently surpassed \$1 billion in annual sales. Brose has had a North American presence for about 25 years, and recent growth with Ford and Chrysler now requires Brose to expand operations in the Midwest.

>> [www.thenewsherald.com](http://www.thenewsherald.com)

## German Embassy 2012 Bus Campaign Features German Travel Destinations

With vibrant designs extolling the virtues of German travel destinations, the German Embassy launched its newest promotional bus campaign. "It's nice here, but have you been to..." ask the three designs, with one each for German cities, the German Alps and the German coast. The three buses are running on normal WMATA Metrobus routes in Washington, DC, and a virtual bus appears on the pages of [www.germany.info](http://www.germany.info), the website of the German Missions in the United States.

>> [www.germany.info](http://www.germany.info)

## Deutsche Post With Plans for U.S. Hub Expansion

Deutsche Post is planning to "significantly" expand its DHL Express mail hub in Cincinnati, Ohio, to profit from the rising volume of parcels that U.S. companies and consumers want delivered quickly to South America, Europe or Asia. The German company, which pulled out of the U.S. market in late 2008, singled out volume and revenue growth in the Americas and Asia as the key drivers for a strong first quarter for DHL Express, the fastest growing of its four business units.

>> [www.ft.com](http://www.ft.com)

## Henkel Says U.S. Returns to Role as Growth Market

German Henkel AG, which makes laundry detergents, beauty products and consumer and industrial glues, said that the U.S. market is recovering, echoing comments by other European companies that have relied on overseas markets to offset weaker sales at home. The company, the world's biggest producer of glues and

maker of Purex washing powder, Schwarzkopf hair products and Right Guard deodorant, confirmed that it is continuing to do well in emerging markets, but that the U.S. has re-emerged as a growth market. The company added that they had a growth of almost 7% in the U.S. during the first quarter of 2012, a recovery that had already started in mid-2011.

>> [www.online.wsj.com](http://www.online.wsj.com)

## FDA to Facilitate Quicker Market Access for Innovative Medical Technology Products

The U.S. Food and Drug Administration (FDA) has launched "Innovation Pathway", a program to accelerate the market launch of innovative medical technology by an early and close cooperation with manufacturers. In the program's second phase, the focus is on chronic and terminal renal disease; not least because more than half a million Americans suffer from it. Imports of dialysis equipment increased in 2011.

>> [www.gtai.de](http://www.gtai.de)

## Top 50 All Around

The German automakers Daimler, BMW and Volkswagen are ranking high in the Top 50 Ranking of German Firms in the U.S., an annual survey conducted by the German American Chambers of Commerce. The three companies benefited from the continued boom in the automobile industry, which granted them a double-digit growth. The German carmakers now also made it into the ranking of the top 50 most admired companies overall, Fortune's survey asking businesspeople to vote for the companies they admire most.

>> [money.cnn.com](http://money.cnn.com)

### Clear Rise in German Exports Expected Over the Year

In the first quarter of 2012, exports were 2.6% higher than in the previous quarter. This was the eleventh quarterly increase in succession since the end of 2009. This result was due to high exports in March amounting to EUR 98.9 billion, meaning more goods were exported from Germany than ever before. This demonstrates that German exporters can prove their competitiveness even in a difficult environment. Orders from abroad and early indicators paint a positive picture. Since mid-2011, the trend in orders from abroad for German industry sectors has followed a fairly constant level, and the latest figures have again pointed upwards.

>> [www.bdi.eu](http://www.bdi.eu)

### BMW and Daimler Join Forces to Reinvent the Electric Car

Electric vehicles powered by electricity from renewable energy sources are an attractive option for mobility within urban areas and beyond. But on the way to mass production of electric vehicles, there are still significant technological hurdles to overcome. Within the joint research project Visio.M, scientists at the Technische Universität München (TU München) are cooperating with engineers from the automotive industry to develop novel concepts for the production of e-cars that are more efficient, safer, and less expensive. Among others, BMW AG and Daimler AG are participating in the research project.

>> [campaign.r20.constantcontact.com](http://campaign.r20.constantcontact.com)

### German Popularity Reaches New High in U.S.

A recent study by the German Embassy in Washington, DC, reveals that 55% of the Americans surveyed have either a very positive or positive perception of Germany. When the last survey was conducted in 2009, this figure was at only 41%. Further, 58% of respondents agree with the statement that Germany is a world economic power. The German Federal Foreign Office recently published the complete results of the study.

>> [www.auswaertiges-amt.de](http://www.auswaertiges-amt.de)

### U.S. Demand for Oil Field Chemicals to Increase to \$14 Billion by 2015

Against the background of increasing oil production as well as the production of shale gas via fracking, the U.S. demand for oil field chemicals is likely to increase by 8.3% by 2015. The demand for stimulation chemicals is said to be particularly dynamic; it is estimated to grow by 9.8% annually. According to the Energy Information Administration, while looking at the annual average for 2011, 980 rotary drill rigs were in operation in the crude oil sector, as well as 888 rotary drill rigs in the natural gas sector.

>> [www.gtai.de](http://www.gtai.de)

### airberlin Launches New Nonstop Service from Los Angeles to Berlin

airberlin's inaugural nonstop flight AB7023 from Berlin to Los Angeles recently landed at Los Angeles International Airport (LAX). Consul General Wolfgang Drautz was on hand to celebrate the new nonstop service between the two Sister Cities.

>> [www.germany.info](http://www.germany.info)

## Congratulations to the 2012 Merlin Awards Winners

The German American Chamber of Commerce of the Midwest, Inc. congratulates the winners of this year's MERLIN Award which took place on May 4, 2012 in Chicago, IL.

Herzlichsten Glückwunsch!



#### 2012 Best New Company:

004 Technologies USA  
Award accepted by  
Patrick MacKay, President

#### 2012 Best Innovator Award:

Rittal Corporation  
Award accepted by  
Douglas Peterson, President

#### 2012 Best Service Provider:

Barnes & Thornburg LLP  
Award accepted by  
Timo Rehbock, Partner

#### 2012 Excellence in Training & Education:

KOMET of America, Inc.  
Award accepted by  
Dr. F. Hans Grandin, President & CEO

## Help U.S. Economy With Visas for the Best and Brightest

To see the results of self-defeating U.S. immigration policies, turn to Canada and witness a shrewd neighbor fishing for talent at U.S. expense. There is nothing subtle about it either. Currently, Canada is seeking skilled foreigners who've grown frustrated with the U.S. visa gantlet, which can take a decade for the lucky few who manage even to begin it. Plans to loosen U.S. restrictions on high-skilled immigrants have been kicking around Washington, DC, for years. The latest is the so-called Startup Act 2.0 that aims at creating a new visa for immigrants who graduate from U.S. universities with a master's degree or doctorate in science, technology, engineering or math fields. It would also create an entrepreneur's visa to enable immigrants with capital to start businesses and create jobs in the U.S.

>> [www.bloomberg.com](http://www.bloomberg.com)

## Leica Debuts Own U.S. Shops With \$27,000 Digital Camera

Selling a \$27,000 camera is no snap - especially when the lens is sold separately. For the German camera maker Leica Camera AG, the challenge is compounded by the fact that it has lost more than a third of its U.S. dealers to competition from the likes of Best Buy and Costco. So, at a time when many brands are moving online, the German camera maker is opening stores. The first U.S. location debuted in Washington, DC, and Leica plans one each in Miami and New York this summer. By March 2016, the company says its current roster of 37 stores will have grown to 200 worldwide.

>> [www.sfgate.com](http://www.sfgate.com)

## FDA on Target for Medical Technology Approval Procedures

According to the Government Accountability Office, the FDA has met the most requirements in regards to its approval procedures for medical technology. However, the time period until the final decision was extended. In addition, sector experts criticize what they see as insufficient communication as well as a missing predictability and consistency when it comes to testing. In 2011, U.S. imports of medical technology increased by 9.1% to US\$ 32.6 billion. Germany was able to slightly increase its import market share to 14.2% compared to the previous year.

>> [www.gtai.de](http://www.gtai.de)

## Germany's SAP Snaps Up U.S. Cloud Firm for \$4.3 Billion

German business software giant SAP said it was acquiring U.S. cloud-based e-commerce firm Ariba for \$4.3 billion in a move boosting its arsenal against arch-rival Oracle. According to a company statement, the acquisition will combine Ariba's successful buyer-seller collaboration network with SAP's broad customer base and deep business process expertise to create new models for business-to-business collaboration in the cloud.

>> [www.google.com](http://www.google.com)



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Exclusive cartoon for German American Trade by Heiko Sakurai [www.sakurai-cartoons.de](http://www.sakurai-cartoons.de)



# Festo's Bionic Creations

## Robotic SmartBirds, AirPenguins & AquaJellies

Visitors of the World Science Festival in New York City in June of 2012 experienced weird creatures of the automation world – robotic seagulls and flying penguins soaring above the Manhattan skyline, and artificial jellyfish gliding through giant water tanks – to the amazement of children and adults alike.

By showcasing its “Bionic Learning Network”, Festo informed the public about science and technology’s wonders, the value and implications for the future. The “Bionic Learning Network” is a cooperation between Festo and universities, institutes and development companies, with

the goal to devise new types of technology platforms and series products through the application of bionics, i.e. the transfer of biological principles to engineering.

Festo’s Head of Corporate Communications Dr. Heinrich Frontzek: “Automated movements can be made much more energy-efficient and productive with the help of bionics, this opens up entirely new approaches for our industrial practice.”

The objectives are the transfer of natural efficiency strategies to automation technology through a bio-mechatronic footprint, the testing of new technologies and manufacturing processes to become a driving force for customer innovations and also the development of more energy-efficient products.

“Nothing is as efficient as nature” says Frontzek, “I do believe in radical innovation inspired by nature.”

Festo puts its expertise in the field of fluid dynamics to use



*Festo SmartBird – an ultra-lightweight, powerful flight model which can take off, fly and land autonomously*



### About Festo

Festo is a family enterprise and a leading manufacturer of pneumatic and electromechanical systems, components and controls for process and industrial automation. For more than 40 years, Festo USA has continuously elevated the state of manufacturing with innovations and optimized motion control solutions that deliver higher performing, more profitable automated manufacturing and processing equipment.



"Automated movements can be made much **more energy-efficient and productive** with the help of bionics, this opens up entirely new approaches for our industrial practice." – Dr. Heinrich Frontzek

in the development of the latest generations of cylinders and valves. By analyzing for example the SmartBird's flow characteristics during the course of its development, Festo has acquired additional knowledge for the optimization of its product solutions and has learned to design even more efficiently.

With the AirPenguins, the engineers from Festo have created artificial penguins and have taught them "autonomous flight in the sea of air". For this purpose, control and regulating technology had to be further developed into self-regulating biomechatronic systems, which could also play a future role in adaptive production.

*Festo AquaJelly – autonomous self-regulating systems with collective behaviour*



FESTO

The AquaJelly is an artificial autonomous jellyfish in water, a self-controlling system which emulates swarming behavior. The AquaJelly consists of a translucent hemisphere and eight tentacles for propulsion. The AquaJelly propels itself with its tentacles in a wavelike motion. The tentacles are designed as structures on the FinRay Effect® – a construction derived from the functional anatomy of a fish's fin. Through this development Festo has designed the

adaptive gripper which enables parts of various geometries to be handled without tool changes, thus increasing manufacturing efficiencies.

The future concepts of the Bionic Learning Network serve as development platforms that combine a wide diversity of technologies and components – from manufacturing concepts via series products, up to software and control or regulation technology.

Continuous optimization of the various technologies provides Festo with complex insights and approaches to developing and optimizing new products and applications together with customers and partners. The expertise gained in this process makes Festo the partner of choice for its OEM customers from diverse sectors with various different requirements. Dr. Heinrich Frontzek: "We see ourselves as driving force for our customers' innovations". ■



*Festo's Head of Corporate Communications  
Dr. Heinrich Frontzek*

*Left: Festo AirPenguin*

**Capture the Innovation  
on YouTube**

>> [www.festo.com/YouTube](http://www.festo.com/YouTube)



Globe  
Inventor: Martin Behaim  
Germany, 1492

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# Anything but Dirty

## 21st Century Manufacturing Jobs

### TRUMPF Inc.

**T**he year was 1969. From man's first walk on the moon to the debut of the first home computer, it was a year marked with innovation, creativity and significant milestones in society—including the founding of Germany-based TRUMPF Group's U.S. subsidiary in Farmington, Connecticut.

Headquartered in Ditzingen, Germany, TRUMPF is one of the world's largest manufacturers of sheet metal fabricating equipment and a world leader in industrial laser technology. Applications are found across a wide range of industries from medical device manufacturing to the production of heavy machinery.

TRUMPF Inc., the company's North American headquarters, is dedicated to serving the U.S., Canadian, and Mexican markets. Since its establishment in 1969, TRUMPF Inc. has grown from just three employees to a workforce of more than 600 and is the largest of the TRUMPF Group's subsidiaries. It is also the largest manufacturer of fabricating equipment and industrial lasers in the United States.

In Connecticut, more than 392,000 square feet of facilities provide a home for high-tech production, including clean rooms for the manufacture of CO2 and solid-state laser resonators. Research and development laboratories, a training center and a customer and technology center for consultations and demonstrations are also found throughout the Farmington campus. As a vertically integrated company, TRUMPF Inc. is also a leading manufacturer of laser diodes and optics for use in North America as well as in TRUMPF locations worldwide.

Innovation lies at the heart of TRUMPF's culture. Near the end of 2009, during a time when other companies were retreating from the marketplace, the company launched a new product, the TruLaser 1030. This laser cutting system was completely conceived, designed and built in Farmington as a low investment solution, often for fabricators looking to expand their capabilities.

The options available for the TruLaser 1030 empower fabricators to choose the model best suited for their unique business requirements. An example of this is to put the power of choice in the manufacturers' hands when determining which type of laser resonator to integrate with the machine. The TruCoax, a diffusion-cooled CO2 laser, is state-of-the-art technology from Farmington. This laser is particularly impressive because of its light weight, small footprint, compact design, and low or no maintenance requirements.

*The TRUMPF Inc. facility in Farmington, CT, is comprised of four buildings totaling more than 392,000 square feet of space.*



In comparison, the TruDisk 2001 solid-state laser found on the TruLaser 1030 fiber expands the material range to include highly reflective materials, such as brass and copper. This laser is also built in Farmington and offers increased productivity when processing thin sheet metal. The TruLaser 1030 and TruLaser 1030 fiber represent TRUMPF Inc.'s commitment to research and development initiatives, an area in which the company invests heavily.

TRUMPF also strives to follow the principles of SYNCHRO, a lean manufacturing initiative. This program initiated drastic improvements across all aspects of the organization and continues to foster progress in productivity, quality and profitability.

TRUMPF Inc. exports to 48 states and 24 countries, with 98 percent of its business done outside of Connecticut and 30 percent outside of the U.S. In the case of the TruLaser 1030, approximately 70 percent of TRUMPF's production is for overseas markets. Fortunate to conduct business in a society that offers avenues for taking products to other areas of the globe, the company is able to remain profitable as market demands change.

According to Rolf Biekert, President and CEO, "The leading edge technology developed and produced at TRUMPF Inc. allows sheet metal fabricators to remain competitive in a challenging and ever changing economy. TRUMPF must remain flexible in order to adapt and

respond to these changes. We have found a competitive advantage with a strong commitment to R&D, a conscientious focus on vertical integration, and dedication to lean manufacturing. This allows TRUMPF Inc. to be more competitive and productive in our manufacturing not only for North America but for global markets as well." ■



*Above: Laser Sparks*

*Left: The Clean Room*



*The TruLaser 1030 production line at TRUMPF Inc.*



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# Welcome, Colleague Specialist

All over the world, it is getting harder and harder to find well-trained specialists. This applies to the U.S. in particular, where one out of every two companies is already complaining about the shortage of qualified specialists. The more sophisticated the products are, the more pressing the employee issue – especially for businesses in foreign markets. Small and big companies show the way forward through creativity.

*By Christine Mattauch*

Technical jobs frequently  
**suffer from an  
image issue** in the U.S.:  
A lot of high potentials  
are attracted to banks  
and consultancies  
rather than to industry.

**J**ob interviews with applicants were Norbert Hennrich's nightmare for many years. "Some had unbelievable salary demands, others did not understand the product," the managing director of Weishaupt America, a German medium-sized business for burners and heating systems, remembers. It could not go on like this. The 43-year-old tried to find an alternative to the enervating candidate selection – and found it in a partnership with the local college. Hennrich: "We are now going our own way."

The shortage of specialists is a big concern of many businesses. Every third employer worldwide has problems finding qualified employees. According to a survey by the temporary employment company Manpower this even applies to every second in the U.S., the world's largest industrial nation. Technicians and craftsmen in particular are lacking. The problem will become even more pronounced in the next couple of years, when the so-called Baby Boom Generation retires: Over 2.7 million American industrial workers are aged 55 and older.

The problem is even worse for German companies that manufacture

on the other side of the Atlantic. "They produce high-quality goods that require a great deal of know-how," says Dr. Benno Bunse, managing director of the German-American chamber of commerce in New York. Some 60 percent of the chamber's members reported recruiting problems last year, and even 75 percent of the small businesses. But they take the initiative and find solutions that have model character. "Time and again I am impressed by the entrepreneurs' creativity," says Bunse.

## **Junior employees directly from college**

Just like Norbert Hennrich. The U.S. subsidiary of the German Weishaupt group is headquartered in Elgin, a city with 100,000 inhabitants near Chicago, Illinois. Its employees are service technicians who install and service the high-quality burners – precision work with specific requirements. "Even if we won over technicians from competitors this was not of much use, because our units have completely different characteristics," says Hennrich.

This was the reason why Hennrich was immediately taken with the idea

*Text first published in Siemens Industry Journal 1/2012*



of a cooperation that the Elgin Community College's head of department proposed to him over the phone two years ago. They quickly agreed on a model in which the theory is taught in college and the practical aspects in the company. The college adapted the contents to the specific requirements of the medium-sized company. "I was surprised and delighted by the degree of flexibility the teachers showed," says Hennrich.

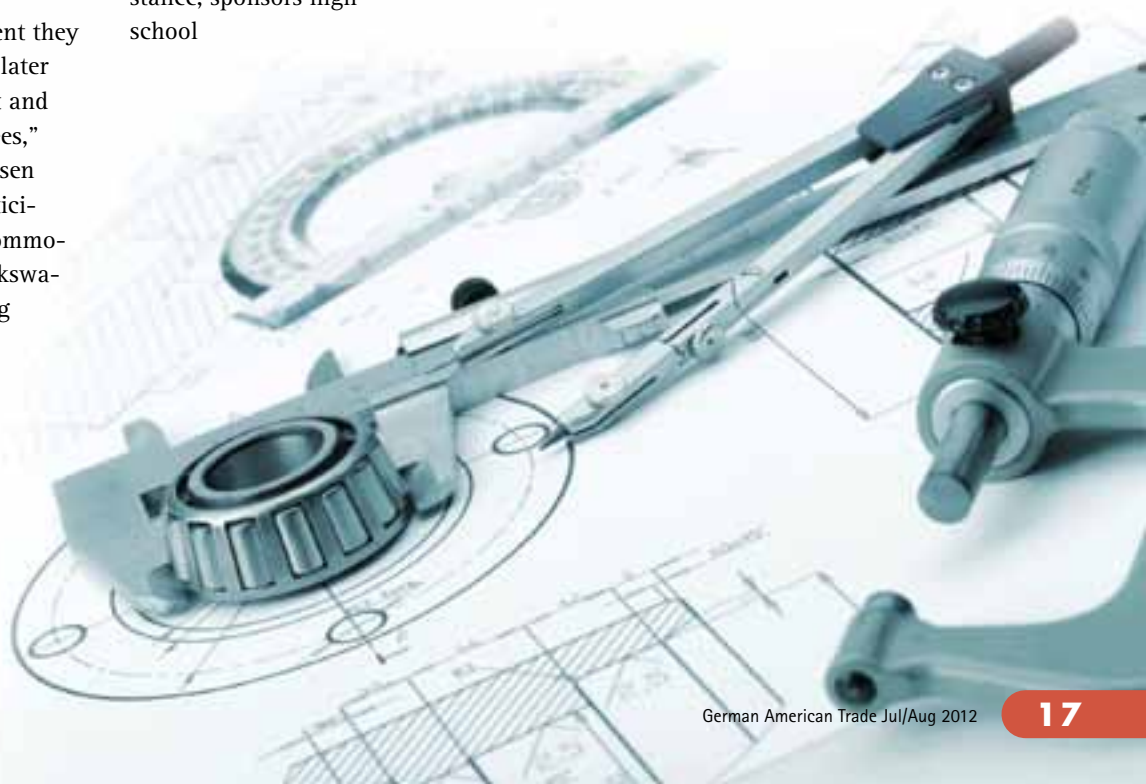
According to a survey conducted by the chamber of commerce, eight percent of the German-American businesses are already cooperating with colleges, another four percent want to give it a try. Other companies establish their own academies. The U.S. company Ipsen from Rockford, Illinois, produces vacuum furnaces. It recently introduced a five-month program, in which ten job applicants at a time pass through the company. They acquire basic knowledge and can decide for themselves in which department they want to get in-depth training later on. "We are growing very fast and need very many new employees," says CEO Geoffrey Somary. Ipsen pays a basic salary to the participants and even bears the accommodation costs of nonlocals. Volkswagen provides in-house training in cooperation with the State Community College at its location in Chattanooga, Tennessee, as well. The company trains car mechanics among others.

The combination of theoretical and practical training is rare in the U.S. and in many other countries – and one of the reasons for the shortage of specialists there. Another reason is the bad image that so-called blue-collar jobs have in North America. The technical jobs of university-trained engineers are frequently counted among them. "Young people tell me that they would rather become consultants or hedge fund managers," says Martin Richenhagen, head of the farm machine manufacturer AGCO in Atlanta, Georgia. It is hardly known that modern industrial jobs are challenging, computer-aided precision work. "We as companies can contribute to the improvement of this image," says Michael Krukliniski, Vicepresident Corporate Development & Strategy with Siemens Corporation in Washington, D.C.

The U.S. subsidiary of the German chainsaw manufacturer Stihl in Virginia Beach, Virginia, for instance, sponsors high school

### The image counts in booming countries

It is easier to attract employees when a company takes a clear position as an employer. The consultancy Kienbaum conducted a study among 26 international companies. It showed that an unambiguous, recognizable appearance helps in the recruitment of specialists, especially in the BRIC countries. 60 percent of the businesses there are convinced that employer branding is a must. In the U.S., 40 percent of the businesses agree – one-third less. In Eastern and Western Europe some 30 percent, that is only half, do so. Employer branding means that a company defines its identity as an employer as well as what it desires from and offers to employees. The company then communicates these messages consistently.



## Theoretical lessons in college, practical ones in the business: Companies recruit specialists at an early stage through cooperating with establishments of higher education.

courses that motivate young people to start a career as a mechanic. "More young people are interested in this again since the financial crisis," says managing director Fred Whyte. In addition to this, Stiehl provides four-year training for trained employees who want to study further – under the supervision of an education representative. The closeness to the German dual educational system is no coincidence.

Businesses increasingly try to find the "Teachable Fit" rather than people who already know everything. These are applicants with some basic knowledge and key qualifications such as ambition and discipline at work. Siemens discovered a highly interesting target group during this process: former members of the military. "The comprehensive technical training and experience

veterans gain in military service makes them uniquely qualified for positions in innovative industries," says Eric Spiegel, President and CEO of Siemens Corporation. The company hired some 600 veterans as engineers, service technicians, and sales representatives last year. It even achieved an enormous PR success through this, as America is proud of its soldiers and appreciates businesses that support them when they start careers in civilian employment. Plus, Siemens introduced a pilot project in cooperation with the Central Piedmont Community College (CPCC) in Charlotte, North Carolina, that trains certified mechatronics.

### Transatlantic training program

Such initiatives are also important because obligatory educational stan-

dards are not the rule in the U.S. – something that makes the search for employees even more difficult. The understanding that uniform standards have their advantages increases only since a couple of years in the country that is adverse to regulations. The non-profit "Manufacturing Institute" is currently cooperating with companies and industrial associations to develop uniform requirement profiles for welders, metal construction workers, and plant engineers. International exchange furthers the raising of awareness, too: German and American institutions, among them the Industrie- und Handelskammer (IHK, chamber of commerce) Karlsruhe and the CPCC agreed on a pilot project for transatlantic "workforce training".

Where it is hard to find new employees, it is even more important to keep top performers. "Our working climate has to be good in order that people like to work with us," says Ipsen's CEO Somary. At Weishaupt, Norbert Hennrich agrees on a minimum contract term with the junior employees because at the end of the day, the investment has to pay off for the company. Pilot-trainee Chris has now completed his first year. "He is doing quite well and has great career opportunities with us," says Hennrich. The head of the company has acquired an additional job through the cooperation, too: He is now a member of the "Energy Advisory Council", a board of practitioners that advises the college on the content of their curriculum. ■



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# Energy Revolution Made in Germany

Small Wind Turbines from Germany Capture New Markets

by Patrick Jüttemann

*Translation from German  
by Sandy Jones, GACC NY*

State support for small  
wind turbines in the U.S.  
**actively fosters**  
the development of  
the whole sector.

**G**erman companies active in the small wind turbine sector have a hard time doing business in their domestic market. Small wind turbines for the generation of energy close to consumption receive the same feed-in tariffs as the big multi-megawatt installations. The market for small wind turbines is booming worldwide with an annual increase of about 25% with regard to installed units.

From the point of view of German companies, many export markets offer better general conditions and thus make for attractive seller's markets. In principle, this is also true for the USA. German companies do prefer European markets such as Great Britain and Denmark, since it is easier to do export business based on

close proximity – however, the U.S. is extremely active when it comes to small wind turbines.

The U.S. is the worldwide most important market for small wind turbines, judging based on installed capacity and sales figures. A current report by the American Wind Energy Association (AWEA), however, shows that the success of the record year 2010 could not be replicated in 2011:

The decline in the sector applies to installed capacity, installed units as well as sales volume. While the year 2010 still witnessed the installation of wind turbines with a capacity totaling 25.6 MW, installed capacity decreased in 2011 to some 19 MW. This represents a decrease of over 25%. The number of installed units decreased by some 500 units to 7,303 in 2011. The sales volume in 2010 amounted to almost \$140 million and fell by 17% to approx. \$115 million in 2011. At the same time, costs per kW of installed capacity even increased in 2011. They amounted to US\$ 6,040 per kW and with this jumped up by 11% compared to 2010.

To date, there are a few German manufacturers of small wind turbines doing business in North America. For example, Aircon GmbH & Co. KG, manufacturer of 10 kW turbines, is one of the active companies there. There's also the inverter manufac

*Small wind turbine with a capacity of 10 kW installed in Cape Cod, Massachusetts*







turer SMA, headquartered in Kassel, Germany, which has been offering its product range "Windy Boy" in the U.S. for a couple of years now and has established production facilities in Denver and Ontario. All production from these locations is designed exclusively for the North American market. Today, all SMA production facilities together (Germany, USA, Canada) provide a total annual production capacity of 11.5 gigawatts.

Local certification standards play an important role for access to a domestic market. In the U.S., AWEA approved a new certification standard for small wind turbines at the end of



*A reasonable wind resource is a prerequisite for small wind turbines*

2011. Besides two certified small wind turbines, some 30 installations are currently in the certification process. There is not yet a German installation among them. However, this is said to change in the medium term.

### **U.S. manufacturers balance nationwide demand by increasing exports**

By increasing exports, U.S. manufacturers were able to compensate for the decrease in the domestic market. In total, companies manufactured small wind turbines with a capacity of 33 MW, which is an increase of 22% compared to the previous year. In 2011, U.S. manufacturers gained 41% of their companies' total sales volume dealing in export markets. While in 2010 turbines with a capacity of 7.8 MW were exported, this figure increased to 17.7 MW in 2011, according to AWEA. Important target markets were Great Britain and Italy, both having high feed-in tariffs.

### **Adjustment of incentive programs makes for a downward trend**

One of the main factors for this downward trend were changes made to incentive programs. Said incentive programs are administered by individual states to a large degree. In 2011, at least 25 states offered incentives for the installation of small wind turbines. However, some states reduced or even canceled incentive eligibilities. This was true for California, New Jersey, Ohio and Wisconsin.



*Small wind turbine "Made in Germany": Aircon 10 S*

### **Outlook for the year 2012**

The surveyed companies are expecting better figures for 2012. On the one hand, because the overall economic situation in the U.S. will change for the better. On the other hand, because a positive development in view of a government-sponsored qualification for incentive programs is expected. Sector experts also hope for AWEA's new certification standard for small wind turbines to act as an impulse. ■

The complete AWEA report has been published in June 2012. Please follow the link to download the short version of the report:

>> <http://www.irecusa.org/2012/04/summary-awea-2011-u-s-small-wind-turbine-market-report/>

### **Contact information:**

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# Manufacturing Integration

## Critical Competitive Factor

Showcasing new Technologies at Industrial Automation North America 2012

By Aryan Zandieh

**T**he holistic integration from sensor to enterprise for manufacturing to be more competitive requires industrial automation technology that can create linkages to enterprise business systems. Automation investments increase profits, improve quality, and reduce risks. But simply using machines with standalone automation to make products is not enough to be competitive and responsive to customers. The next big shift to improve manufacturing effectiveness is automation to achieve holistic integration of the

entire plant by linking and orchestrating many functions including work-flow, supply chain, orders, and plant floor operations. This is now possible due to technical advances and lower cost of automation to integrate information and control across the enterprise including machine tools, processes, quality, mobile operators, enterprise business systems and supply chain partners.

This year Industrial Automation North America 2012, held in conjunction

with the International Manufacturing Technology Show (IMTS) 2012, adds the dimension of the digital factory to the event. Industrial Automation North America 2012 has been conceived and implemented by Deutsche Messe, well known for their annual HANNOVER MESSE that brings a world view to this event. "It is a very exciting time for innovation in manufacturing and the timing of HANNOVER MESSE's introduction of an industrial fair into North America is excellent," said Van Miller, Owner



## INDUSTRIAL AUTOMATION NORTH AMERICA CONFERENCE PROGRAMS:

### MOTION, DRIVES & AUTOMATION CONFERENCE September 10 – 11

Penton Media's Design Engineering Group and the National Fluid Power Association will present a two-track conference program – 1) Motion Control in Automation, and 2) Hydraulics and Pneumatics in Automation – to highlight innovations in electrical, mechanical, hydraulic and pneumatic motion systems, as well as electronic control, sensing and vision, condition-monitoring, and safety considerations.

### GLOBAL AUTOMATION & MANUFACTURING SUMMIT September 12 – 13

CFE Media and Hannover Fairs International will present a two-day conference program to highlight key topics including enterprise asset management, process optimization, energy management, and sustainability manufacturing.

### ISA INSIDE: TRAINING SESSIONS AT INDUSTRIAL AUTOMATION NORTH AMERICA September 13 – 14

The International Society of Automation (ISA) is recognized worldwide as a leader in non-biased, vendor-neutral education, training and standards programs for automation professions. ISA will offer a number of training sessions at IANA.

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Aryan Zandieh at (312) 924-1688 or  
[azandieh@hfusa.com](mailto:azandieh@hfusa.com).

"Knowledge has to be improved, challenged, and increased constantly, or it vanishes."

Peter F. Drucker

of Bow Wave Technical Sales. "I saw a lot of companies looking to improve manufacturing effectiveness at the HANNOVER MESSE and expect visitors at IANA will be looking for the right technologies to achieve better manufacturing integration."

Deutsche Messe manages 100 trade fairs and exhibitions in Germany and abroad every year, involving more than 36,000 exhibitors and 3 million visitors from over 100 different countries. IMTS was traditionally a machine equipment trade show but has necessarily broadened focus to be responsive to new manufacturing realities. Industrial Automation North America 2012 and IMTS will occur on September 10-15, 2012 at McCormick Place in Chicago, IL. Exhibitors will showcase all areas of industrial automation providing operating examples and insights into integration with the purpose of being more competitive. Attendees have the opportunity to explore solutions and meet with automation experts to discuss their applications and challenges.

### Escape the Velvet Rut

The survival of manufacturing companies will require new business models including holistic integration to respond to customer demands for high quality and "make to order" product delivery implemented with flexible manufacturing. Integration requires manufacturers to understand what is possible and rethink how they can better serve customers. The



challenge with adopting new technology is learning about it, identifying applications, and educating people in the company about the value of investing in it. It is important to open ourselves to new ideas to see what is possible rather than remaining in the comfortable "velvet rut" of what is being done today. Are we spending enough time considering the application of new technologies to improve production operations or simply living with the status quo?

The integration of manufacturing and business systems has been a labor intensive task in the past. The good news is that industrial automation technologies have advanced dramatically in the last few years to support highly integrated manufacturing without building "one off" custom systems. These advances lower initial investment and ongoing operating cost while being easier to implement and use. This is because of recent dramatic advances in technology including high power, lower cost computer chips, improved software, simulation software, advanced sensors, lower cost machine to

machine networking, mechatronics, and new industry standards.

### Manufacturing Challenge

It is easy to become complacent and stay with what you are doing today. Competition is subtle, and we are prone to simplify. What we learn from looking at competition is that winning companies are always looking for ways to improve. It is important to accept the concept that manufacturing needs to change and always be exploring what is possible based on new developments and imagine different scenarios, and try to avoid being taken by surprise. It is particularly important to do this before your competitor does and steals your customers. Consider these questions:

- Have you refined your manufacturing technology as much as your competitors?
- Is your company the most profitable in your industry?

Manufacturers do not need to necessarily restructure their entire manufacturing operations all at once, but can look for leverage points making strategic changes over time. ■



# Best Practice Exchange on German and American Economic Challenges

Conference on Manufacturing, Innovation  
and Workforce Training in Washington, DC

*Dr. Bettina Wurster, office of the Representative of German Industry and Trade (RGIT)*

**S**trategies for more jobs and growth were discussed by German and American representatives from politics, businesses and academia on May 16 at the conference “Manufacturing, Innovation, and Workforce Training: What works in Germany and the U.S. for Jobs and Growth” in Washington, DC.

After a keynote speech by Deputy Secretary of Commerce, Rebecca M. Blank, who pointed out that President Obama considers Germany as one of the most important partners for the United States, the participants discussed best practices and current challenges for both countries. German manufacturing representatives praised the strong innovative force in the U.S., the export opportunities and the motivation of their American workforce. On the other hand high corporate tax rates, high health care costs and the lack of skilled workforce on the labor market are the three biggest challenges German manufacturers are currently facing in the U.S. German companies like BMW Manufacturing Co. and KOMET of America – the latter a classical Mittelstand firm – rely on their own initiatives when it comes to health care and workforce training. BMW for example is building its own internal family health care facility in South Carolina. Thomas Zielke,

Representative of German Industry and Trade in Washington, DC, pointed out that German investment in the U.S. is at an all time high at present and expressed his wish that the two countries increase collaboration in the manufacturing sector in the future.

As for American innovation policy, the top issues currently are clean energy, advanced manufacturing, and healthcare. The National Institute of



*Dr. Thomas Zielke, President and CEO, Representative of German Industry and Trade (Copyright: Steve Johnson/ The Aspen Institute)*



*Panelists discuss manufacturing as an engine of growth. From left: Bruce Stokes, International Economics Columnist, National Journal; Josef Kerscher, President BMW Manufacturing Co.; Michael Laszkiewicz, Vice President & General Manager, Rockwell Automation, Inc.; and F. Hans Grandin, President and Chief Executive Officer, Komet of America Holding, Inc. (Copyright: Steve Johnson/ The Aspen Institute)*



Agreed upon was the importance of transforming the narrative surrounding **technical training and manufacturing jobs** in the U.S. as an honorable and worthwhile profession.

Standards and Technology established cooperation between academia and small and medium sized enterprises (SME) within regional innovation clusters as best practices. Especially concerning the “Energiewende” the panelists from both sides of the Atlantic saw a huge potential for collaboration between Germany and the U.S.

Also widely discussed was the German system of vocational education and training, which experts agreed upon is not exactly transferable to the U.S. The panelists indicated that they are constricted when it comes to standardization for technical programs, as they are widely determined by states, not at the federal level. There is a need for more industry involvement, on the local and national level, in developing competency based technical education to better support workforce development. Agreed upon was the importance of transforming the narrative surrounding technical training and manufacturing jobs in the U.S. as an honorable and worthwhile profession.

The conference took place on May 16, 2012 at the Aspen Institute in Washington, DC. It was jointly hosted by the Aspen Institute, the Represent-

tative of German Industry and Trade (RGIT), the Embassy of the Federal Republic of Germany in Washington, DC, and the German Center for Research and Innovation (GCRI), in cooperation with the German American Chambers of Commerce. ■



Keynote speaker Rebecca M. Blank,  
Deputy Secretary of Commerce  
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# Massachusetts:

## Pushing Frontiers of Science, creating new Domains, Research and Technology in the Northeast

by Ning Wang, GACC New York

Originally dependent on agriculture, fishing and trade, Massachusetts transformed from a manufacturing center to a leader in higher education, health care technology/high technology and financial services. American history has left its mark on the state: Plymouth was the site of the colony founded by the Pilgrims in 1620, Harvard University was founded in 1636, and in 1788, Massachusetts was one of the original 13 states to ratify the U.S. Constitution. Named after the indigenous population, the Massachusett, the state is today sometimes

nicknamed the (old) bay state. Two separate metropolitan areas – Greater Boston in the east and the Springfield metropolitan area in the west – make it the 3rd most densely populated state of the 50 United States.

Massachusetts is one of the world's leading innovation economies, and one of its most distinctive characteristics is its ability to continuously reinvent itself. Throughout its history, the state has excelled—and has often led the nation and the world—in pushing the frontiers of science and creating new domains of research and technology. The innovation that takes place here has fueled the rise of new industries such as digital technology, biotechnology and medical devices while transforming established industries by implementing new processes, practices and tools, like the machinery of mass production and the analytical instruments serving today's research enterprises. Relative to the size of Massachusetts' economy, the state attracts a disproportionate amount of federal research dollars. More academic publications are published here per capita than anywhere else in the world, and in regards to the most prized natural resource, its people, Massachusetts excels by having the most educated workforce in the country and by continuing to attract highly educated individuals.

### Massachusetts continues to be a global leader in research and innovation

Unlike other regions and emerging innovation ecosystems elsewhere, which may have one or two successful industries, Massachusetts' universities, companies and entrepreneurs excel in numerous fields, from design and architecture to biopharmaceuticals, robotics and social media. One of these companies combines design with manufacturing and high-tech:

*"It's little known today that Massachusetts is where the American industrial revolution began in the 19th century, and that today, 8,000 Massachusetts manufacturing companies make it the 4th largest sector in the state. Massachusetts manufacturing is a \$40B growth industry. Our process is automated with robotics, and we benefit from our \$1B robotics cluster—one of the strongest in the world—growing at 17% per year. And we also benefit from Massachusetts' world-class cluster of excellence in design. We have a large concentration of architecture firms and around 45,000 architects, graphic designers, product designers and other creative professionals,"* says Edward Acworth, Ph.D., Founder & CEO of ARTAIC.

#### Massachusetts

**Population:** 6,547,629

**Size:** 8,257 sq mi

#### Largest national area:

Cape Cod National Seashore  
(43,500 sq. acres)

### **More and more, jobs created in the Massachusetts economy require advanced degrees**

The Massachusetts Index of Innovation Technology has benchmarked Massachusetts against nine other leading technology states (LTS) - and be it in total dollars or on a per capita basis, universities and nonprofit research institutes in Massachusetts were among the LTS for attracting federal R&D dollars. Academic and nonprofit research institutes in the Commonwealth received \$2.8 billion federal R&D dollars in 2008, accounting for 8.9% of the U.S. total. At \$435 per capita, federal expenditures for academic and nonprofit R&D were more than four times larger in Massachusetts than in the United States as a whole (per capita).

The share of Massachusetts' total employment concentrated in key sectors of the innovation economy increased to 38% in 2011. Typically, these sectors provide some of the highest paying jobs in Massachusetts. Total wages paid in these key sectors were 23% higher in 2010 than in 2005, a larger increase compared to the 15% gain in the economy as a whole. The largest employer in these sectors in 2010 was Healthcare Delivery, with more than double the employees than the next closest sector, financial services. The biopharma & medical devices sector saw the largest percent change in employment from 2006 to 2010 with a 27% increase.

Massachusetts' universities and colleges are dynamic contributors

to the state's innovation economy. Universities and colleges attract and educate the highly skilled and creative talent that gives the state a key competitive advantage in the



*Massachusetts State House*



*Boston, Capital and largest city of Massachusetts*



global economy. Universities and colleges also contribute to employment, knowledge creation and dissemination as well as new business formation. With approximately 140,200 employees (Q1 2011), the postsecondary education sector was the third largest employer among these sectors. ■

*Main Source: Index of the Massachusetts Innovation Economy.*

*The Index is published annually by The Innovation Institute at the Massachusetts Technology Collaborative (MTC).*

#### Contact Details

Charles A. Anderson  
Massachusetts Technology Collaborative  
Two Center Plaza, Suite 200  
Boston, MA 02108  
Tel: 617.371.3999 x247  
>> canderson@masstech.org



*Harvard University*

#### German-Based Firms in Massachusetts

AC Technology Corporation, Lenze Group, Uxbridge  
American Lewa, Inc., Holliston  
Arthur D. Little, Inc., Boston  
Astaro Corp., Wilmington  
Babcock Power, Danvers  
Bedford / St. Martin's, Boston  
Behnisch Architekten, Boston  
Behrens C Machinery, Inc., Danvers  
Brainloop Inc., Cambridge  
Broker Instruments, Inc., Billerica  
Carl Zeiss SMT Inc., Peabody  
Clariant Corporation, Holden  
Cognitec Systems Corporation, Rockland  
Cosmedico Light, Inc., Weymouth  
Cybio, Inc., Woburn  
Dachser Transport of America, Inc. – Boston Office, East Boston  
Danafilms, Inc., Westborough  
Danzas AEI Boston – Bos, Charlestown  
DB Schenker – Peabody, Peabody  
Deerfield Urethane, Inc., South Deerfield  
Deutsche Bank Alex.Brown, Boston  
Dienes Corporation, Spencer  
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Electro Kinetics, Ipswich  
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EMD Serono, Inc., Rockland  
EMD Shared Services America, Inc., Quincy  
Emuge Corporation, West Boylston  
Flood Control America, Sudbury  
Fraunhofer Center for Manufacturing Innovation, Brookline  
Fraunhofer Center for Sustainable Energy Systems, Cambridge  
Fresenius Medical Care North America, Waltham  
Graffinity Pharmaceuticals USA, Waltham  
Group Business Software Corporation, Waltham  
H.C. Starck Inc., Newton  
Hapag Lloyd (America), Inc. – Regional Office, Quincy  
Helix Medical, Gloucester  
Hellmann Worldwide Logistics, Inc., Boston  
Henkel Resin Technology Group LLC, South Easton  
Interprint, Inc., Pittsfield  
Kneipp Corporation of America, Inc., Boston  
Krohne, Inc., Peabody  
Kuehne + Nagel, Inc., South Boston  
Leoni Wire, Inc., Chicopee  
M+W U.S., Inc. Marlborough, Marlborough  
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Millipore Corporation, Billerica  
Miltenyi Biotec Inc., Cambridge  
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Netco Extruded Plastics, Inc., Hudson  
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Osram Sylvania – Lighting Research Center, Beverly  
Osram Sylvania, Inc., Danvers  
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Puma International, Boston  
Reebok International Ltd., Canton  
Reifenhauser, Inc., Danvers  
Renz America Co., Inc., Agawam  
Robert Bosch Corp. – Automotive Group, Waltham  
Robert Bosch LLC Research and Technology Center North America, Cambridge  
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Sap America, Inc. – Boston, Burlington  
Saperion, Inc., Newton  
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WASHINGTON  
★ UPDATE ★

NEWS FROM INSIDE THE BELTWAY

# World Bank Financed Projects

## A Business Gateway to Developing Markets

*by Dr. Christoph Schemionek**The World Bank's Headquarter in Washington DC. (photo: Schemionek)*

**W**ashington D.C. is not only the capital of the United States but also the global capital of development cooperation. Besides the U.S.' own bilateral aid institutions, the U.S. Agency for International Development (US-AID) and the Millennium Challenge Corporation (MCC) Washington accommodates various multilateral institutions such as the World Bank Group, the Inter-American Development Bank (IDB) and the Pan-American Health Organization (PAHO). Also, countless non-governmental organizations (NGOs) operate in Washington – all dedicated to alleviate poverty worldwide.

The office of the Representative of German Industry and Trade (RGIT) liaises with those organizations, especially with the World Bank. RGIT supports small and medium sized companies from Germany interested in participating in World Bank financed projects and fosters an ongoing dialogue between the bank and the private sector.

The World Bank Group is one of the world's largest sources of funding and knowledge for developing countries. Five institutions build up the World Bank Group. They use financial resources and extensive experience to partner with developing countries to reduce poverty, increase economic growth, and improve the quality of life:

- The International Bank for Reconstruction and Development (IBRD) lends to governments of middle-income and creditworthy low-income countries.





#### About the Author

Dr. Christoph Schemionek,  
Director Regional Economic Policy,  
World Bank Liaison (RGIT)  
Contact: cschemionek@rgit-usa.com

- The International Development Association (IDA) provides interest-free loans and grants to governments of the poorest countries.
- The International Finance Corporation (IFC) provides loans, equity, and technical assistance to stimulate private sector investment in developing countries.
- The Multilateral Investment Guarantee Agency (MIGA) provides guarantees against losses caused by noncommercial risks to investors in developing countries.
- The International Centre for Settlement of Investment Disputes (ICSID) provides international facilities for conciliation and arbitration of investment disputes.

IBRD and IDA are referred to as the actual “World Bank”. All five institutions together constitute the “World Bank Group”. According to A guide to The World Bank (Third Edition, 2011) the term World Bank was first used in reference to IBRD in an article in the Economist on July 22, 1944, in a report on the



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of German Industry + Trade

Bretton Woods Conference. The first meeting of the Boards of Governors of IBRD and the IMF, held in Savannah, Georgia, in March 1946, was officially called the “World Fund and Bank Inaugural Meeting”, and several news accounts of this conference, including one in the Washington Post, used the term “World Bank”.

In recent years, the World Bank has lent an average of \$43.4 billion annually for projects in the more than 100 countries it works with. Projects range across the economic and social spectrum, including: infrastructure, education, health, and government financial management. Its lending activities to governments in developing and emerging countries generate over 100,000 contracts for private companies worth around \$20 billion annually, according to the Bank’s own Private Sector Liaison Officers (PSLO) network. Thus, participation in World Bank financed projects can be a business gateway to developing countries.

Companies, academic institutions, non-governmental organizations (NGOs) and individuals from member countries of the World Bank are eligible to compete for these business opportunities. Within any given project, there can be literally hundreds of business opportunities varying in size from as little as a few thousand dollars to as large as tens of millions of dollars.

In order to identify business opportunities in World Bank financed

projects it is essential to understand the Bank’s project cycle. Business opportunities exist at each stage of the project cycle. However, the types of opportunities, the size of opportunities, the “buyer” of goods and services, and the manner in which goods and services are bought vary according to which stage a project is in.

As a general rule, projects in the pre-planning stage generate short-term consulting opportunities of less than \$100,000. Consultants may be hired by both the World Bank and the borrowing country during this stage. Projects in “implementation” generate large and small contracts for goods and equipment suppliers and for civil works and consulting firms. Companies respond to open tenders and are selected by the borrowing country according to formal procedures and evaluation criteria.

For both German and U.S. companies it is worthwhile to consider exploring business opportunities with the World Bank and other development organizations. The expertise and technologies they can offer contribute positively to the social and economic wellbeing of the people in developing countries.

RGIT and the GACC New York offer joint fact finding missions to the World Bank and the United Nations to provide companies with the knowledge they need to bid successfully on tenders of those multilateral institutions. ■

# Secrets of a Midmarket Powerhouse

Global Best Practices from the German Mittelstand

**G**ermany has just one-fourth of America's population, and yet 4 times the net exports, i.e., exports minus imports. It is the second largest exporter behind China, and ahead of the United States. It also has the world's largest trade surplus, of even China.

The secret to Germany's success is the German Mittelstand - the German midmarket. Mittelstand companies dominate many diverse market niches across the world, often with market shares above 70 percent globally.

And they do it by following the same basic formula for doing business- a little differently from everybody else. For many American midmarket companies, there's a lot to be learned from the Mittelstand, but nowhere to learn it. Until now, that is. Now The Midmarket Institute is bringing lessons and success stories from the Mittelstand to America and to midmarket companies around the world.

The Institute's research staff has collected what is perhaps the strongest Knowledge Center on the dynamics of Mittelstand success available outside Germany. It is the first and foremost part of the Institute's library of global best practices in the Midmarket.

Executives from midsize companies around the world can come to this special site to learn the best practices of the German Mittelstand. Mittelstand management maxims can be implemented quickly to produce immediate results, e.g.,

- Do create a technology niche and take it global - many Mittelstand companies dominate 80 - 90% of global market for their niche products.
- Do make decisions quickly - Mittelstand companies leverage flat organizations and easy access

to the decision makers to make quick decisions and move fast

- Don't outsource core competencies - Mittelstand companies safeguard their sources of strategic advantage
- Do get close to customers to drive innovation - Mittelstand companies focus on new ways to help customers do better
- Don't put the entire business at risk to try a single new product - Mittelstand companies don't bet the entire company, preferring to take many small risks and accepting steady growth
- Do strategic planning with a generational horizon - Mittelstand companies are driven by long-term goals, not short-term results

These and other Global Best Practices have been distilled from extensive interviews with Mittelstand experts and CEOs of Mittelstand companies.

Topping our list of experts is Professor Herman Simon, author of the book, "Hidden Champions," the pioneer who distilled success formula of the German Mittelstand about 15 years ago.

A follow-up study on Simon's Hidden Champions was done by Bernd Venohr, Professor of Strategic Management at the EMF Institut in Berlin. Venohr found that most of the Hidden Champions were still flourishing 15 years later. He concluded that Germany has really cracked the code - with uncommon common sense - on how to succeed as a medium-sized



*Midmarket Institute President Ram V. Iyer meets with third and fourth generation leaders of Glasbau Hahn, Mr. Till Hahn and Ms. Isabel Hahn. (Photo by Anushka Iyer)*

## The Midmarket Institute has the largest English language knowledge center on the Mittelstand outside of Germany

company in the global economy. The ideal model of the Mittelstand, Venohr says, is a family-owned firm with a long-term approach, close cooperation with staff, combined with top external expertise.

In addition to the Knowledge Center on Lessons from the Mittelstand, the Midmarket Institute also provides an active Community section where executives can network and exchange ideas and experience with

the Global Best Practices of the Mittelstand and how they apply to the American midmarket.

*“We are building the largest ecosystem for the midmarket,” says Ram V. Iyer, President and Founder of The Midmarket Institute. “Whether you are looking to learn, buy, partner or sell, here you will find relevant information, tools, events, community groups and a marketplace, all tailored to your special needs.” ■*

### A Sampling of The Midmarket Institute Videos of Mittelstand Best Practices

Video Title	Speakers
Lessons from the Mittelstand : A German Perspective	Prof. Dr. Hermann Simon, Prof. Dr. Bernd Venohr and Dr. Patrick Adenauer
Lessons from the Mittelstand : An American Perspective	Richard Guha, President of International Executive Resource Group
Be the Tortoise, Not the Hare	Dr. Patrick Adenauer, President of the Association of Family-owned Businesses (ASU)
Capture a Super Niche and Take It Global	Prof. Dr. Hermann Simon, author of Hidden Champions
Financing with Patient Capital	Prof. Dr. Bernd Venohr, EMF Institut in Berlin
How German Entrepreneurs Are Different	Prof. Dr. Sabine B. Klein, Chair for Family Business, INTES-Institute for Family Business at WHU Otto Beisheim School of Management
Subsidized Research Makes East Germany An Innovation Hotspot for U.S. Manufacturers	Prof. Dr. Ulrich Blum, President of Halle Institute for Economic Research
Two Reasons To Stay Close to Employees, Customers and Suppliers	Michael Holz, Institute for Mittelstand Research (IFM)
Running the Business of Building Homes for the Most Important Art Treasures of the World	Till Hahn, Senior President, Glasbau Hahn, Frankfurt am Main



Professor Dr. Hermann Simon discusses outsourcing strategy with Midmarket Institute President Ram V. Iyer.



Patrick Adenauer, President of ASU, talks with Midmarket Institute President Ram V. Iyer about the strengths of German family businesses.



Prof. Dr. Bernd Venohr talks about the Mittelstand model with Midmarket Institute President Ram V. Iyer.



#### Contact info:

>> [www.midmarket.org](http://www.midmarket.org)  
>> [info@midmarket.org](mailto:info@midmarket.org)  
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# metabolic balance®

## Nutrition Program Grows in the U.S.

**W**hen Christoph Egel relocated to the USA to serve a 3-year expatriate assignment, he and his family quickly started to enjoy the American way of life so much, they decided to stay and localize. Unfortunately, they also became victims of a main cause for the obesity epidemic here in the U.S. – heavily processed foods, a lack of natural nutrients and bad eating habits.

Christoph and his family joined more than  $\frac{2}{3}$  of the American population in their quest for a solution to being overweight or obese. The Egels, though, had an advantage – friends and family at home made them aware of a break-through nutrition program that had emerged in Germany in 2002: metabolic balance®. This program was developed by Dr. Wolf Funck, metabolic expert, in close cooperation with Silvia Bürkle, nutritional engineer, and his wife Birgit Funck, who has since been the managing director of Metabolic Balance GmbH & Co. KG.

“The relationship between a balanced diet and a properly functioning metabolism is unmistakable”, states Dr. Wolf Funck. “As a method, metabolic balance® pays particular attention to the fact that the body must produce sufficient enzymes and hormones in order to maintain a balanced metabolic system. Every participant is provided with a nutritional plan that is individually designed and recommends specifically those foods that the participant needs in order to produce these vitally important substances.”

In an independent study published in the Journal of Nutrition and Metabolism, metabolic balance® demonstrated significant positive effects on weight loss, symptoms for metabolic syndrome, mental well-being and general quality of life. It achieves this through a combined approach: natural foods with a balanced nutrient content, a well-defined regimen supported by certified coaches and regular exercise.

It is no surprise that this award-winning program has experienced tremendous growth over the last decade and has changed the life of more than 600,000 program participants in 28 countries, including almost 2,500 participants in the United States.

Today, Christoph Egel is the CEO of Metabolic Balance, Inc.. After his wife became one of the first metabolic balance® coaches in the U.S. he experienced the metabolic balance® nutrition program first hand and was able to eliminate all the medications that his executive lifestyle required him to take! Consequently, he is extremely excited about the value metabolic balance® can add to corporate wellness programs. As the economic impact of the obesity epidemic amounts to more than \$270 billion per year, with the losses in productivity being estimated at \$164 billion, an all-natural nutrition program like metabolic balance® can reduce the burden of the continuously growing healthcare contribution on companies. “Taking care of our employees is one of our most important priorities. Healthy employees are invaluable” says Dr. Funck and this commitment to its employees earned metabolic balance® the prestigious 2011 HAWARD® Health Award.

The obesity problem has reached epidemic proportions. By 2030, 42% of Americans are projected to be obese! metabolic balance® is



*B. Funck, Dr. Funck, and S. Bürkle celebrating the 10th anniversary of metabolic balance® in March 2012*



uniquely positioned to meet this challenge by reaching participants through health and wellness professionals, who are certified in the metabolic balance® method. Adding metabolic balance® to their practice allows them to provide an effective long-term solution for clients while generating a substantial income stream.

metabolic balance® has the highest quality expectations for the program and the certification of coaches is instrumental in achieving this goal. Twice a year, Dr. Funfack visits the USA to lead a certification seminar. The next opportunity to become a

certified coach by studying the scientific foundation of the metabolic balance® method and the associated proprietary tools with him will be from October 05 – 07, 2012, in Los Angeles, CA. ■

#### Contact information:

More information about metabolic balance® can be found at

>> [www.metabolic-balance.com](http://www.metabolic-balance.com)

Companies interested in learning more about our corporate wellness offerings and individuals interested in becoming a coach can also contact metabolic balance® at

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*Dr. Funfack answers questions at the metabolic balance® 10th anniversary celebration*

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The German Practice together with Central European attorneys and professionals at Phillips Nizer LLP include U.S. and foreign born and educated attorneys, who also studied law abroad and are admitted in both countries. One of our attorneys, Florian von Eyb, is a German Rechtsanwalt and another, Steven H. Thal, is admitted to the OLG Frankfurt/M as a Foreign Legal Consultant for U.S.- and international law. Mr. Thal regularly teaches seminars at the law faculties in the universities of Munich and Heidelberg. A new partner, Alan Behr, recently joined from another major law firm and further strengthens our German Practice. In addition, we are constantly supported by several rotating German Referendare (clerks). All members of the German Practice are native or fluent in German. We also publish a quarterly German language newsletter, "Zur Information", focusing on issues regularly confronted by European businesses in the U.S.

Our Central European attorneys include a Russian attorney, and a Polish speaking U.S. attorney certified as a Polish Legal Consultant after many years of practice in Warsaw with a major international law firm. In addition, many of our paralegals are fluent in various languages. Our attorneys are all admitted in New York and some in other U.S. states. We concentrate on legal matters arising between the U.S., the German speaking countries of Europe, Eastern Europe and the EU. The firm also has a very significant and well-established French practice.

This combination of talents and experience means that our clients are represented by attorneys who are by education, culturally and linguistically completely at home in their country of birth as well as having been educated and trained in the relevant foreign jurisdiction.



**Steven H. Thal**

Attorney at Law, New York  
Rechtsberater für U.S.-Recht,  
OLG Frankfurt/M.

>> sthal@phillipsnizer.com  
+1 212 841 0742



**Florian von Eyb**

Attorney at Law, New York  
Rechtsanwalt

>> fvoneyb@phillipsnizer.com  
+1 212 841 0720



We act as a bridge between the legal, business and cultural systems of the Continental Civil Law countries and the various Common Law countries. Our focus extends beyond just legal matters. We can and do emphasize multinational strategic planning in all matters. We work with our clients on a close-knit personal basis to develop an in-depth understanding of their needs, goals, risk appetite and market strategies. Using a team approach, we provide comprehensive planning, tax and negotiating strategies as well as post-transaction implementation advice. This team approach is particularly well-suited

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The German Practice regularly represents various German Government and quasi-Government institutions, U.S. and European business enterprises and high net worth individuals in matters including government contracts, international joint ventures, mergers, acquisitions, manufacturing and marketing, litigation and arbitration, real estate, intellectual property, commercial transactions of all types, trade and investment, immigration,

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Phillips Nizer is an ideal point of first contact for business people from the German speaking and Central European countries seeking advice on U.S. or other international matters. ■

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# Interview with Ralf Weingartner, New General Manager, DZ Bank in America

by Ning Wang, GACC New York

**GAT:** The DZ Bank is a central and commercial bank which acts as a one-stop financial services provider. How is the German cooperative banking model different from the system here?

**Ralf Weingartner (RW):** The cooperative model has its origin in Europe and has also grown historically since 1864. The first local cooperative banks gave skilled workers and farmers access to low-interest loans to start their business, and imitations of this

concept spread quickly. Internationally, there are some similar efforts in Korea or Japan. Today, DZ Bank is the fourth largest bank in Germany, acting as central bank for over 900 cooperatives. Having celebrated the 125th anniversary of DZ BANK, the logic behind our success continues to be the “self-help” principle. This means that the dividend is not our top priority - instead, the focus is on enabling our clients’ business activities by providing them with the needed financing. In Germany, our Volksbanks and Raiffeisenbanks focus on their regional business model, which means that the exposure always relates to customer’s needs and respective products. This tradition has not required us to change our long-standing strategies - it is unique and there is not a comparable business model in the U.S.

**GAT:** Figures for the financial year 2011 show good performance for the DZ BANK Group despite the severe strains caused by the sovereign debt crisis. Which areas have helped the bank to hold on to good results?

**RW:** At present, DZ BANK is the top-rated bank amongst the German commercial banks, per the rating agency Standard & Poor’s.

Our favorable market share in Germany helped DZ Bank to restructure the business at the beginning of the financial crisis. It also helped that DZ Bank has subsidiaries in its cooperative network, which support the strengths in services and products as it is: R+V Versicherung (insurance); Schwäbisch Hall, one of the biggest building and loan associations in Europe; Union Investment Asset Management Group as well as the leading consumer credit bank, easyCredit.

**GAT:** How much weight does the North American business carry for DZ Bank?

**RW:** Our main focus in the U.S. - as carried out by our Branch in New York - is being a service provider for our clients, mostly mid-sized companies, with whom we have built long-term and durable relationships. The cooperative banking approach provides the network of cooperative banks with access to the international financial markets. Our customers are not only German firms but also U.S. companies conducting their activities in Germany through us. Actually, we came out of the financial crisis with more business than before. Most importantly, our clients did not experience a

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disadvantage like a credit crunch while doing business with us. This is due to our financial situation that already meets Basel III standards. The branch counts for EUR 11 billion in assets and is very well positioned. We are striving to grow our business and to expand the

financing of investment plans of companies. Our capability to use the synergies of our business model proves our potential to participate in the changes of our industry and take full responsibility to implement changes coming from the regulatory side in the future. ■



#### Biography:

Ralf Weingartner started his banking career in the cooperative banking sector in Germany in 1980, when he joined SGZ Bank, one of the predecessors of today's DZ BANK.

He held a number of management positions in International Banking and was sent abroad for the first time in 1995, to Singapore: first, acting as Chief Representative, then opening a DZ BANK branch there in 1998. The Singapore Branch is still a pillar in DZ

BANK's international network.

Ralf returned to head office in Frankfurt, Germany and was asked in April, 2004 to join the Board of Volksbank International AG (VBI), a holding company which owns 10 banks in 9 central European countries. He moved to Vienna and was in charge of Corporate Banking and Treasury activities for VBI. After 8 years with VBI, Ralf Weingartner was appointed to his current position as General Manager of DZ BANK, New York Branch.

Ralf holds a degree in Economics and Business Administration from Georg-August University in Goettingen, Germany. He is married and has an adult daughter.

DZ BANK is the wholesale arm of the German cooperative banks with a market share of roughly 25% in Germany and foreign branches in Hong Kong, Singapore, London and New York. DZ BANK, together with its subsidiaries, is owned by the local cooperative banks and provides them with solutions for their retail and corporate business. Among DZ BANK's many subsidiaries are a mutual funds specialist, an insurance firm, and a consumer finance company.

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July 10 – August 25

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### July 9

PV Market Support –  
Political Framework Outlook:  
German-American Session  
at Intersolar North America

Held by GACC Western U.S.  
**San Francisco, CA**  
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### July 10

New Member Reception

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### July 10

Annual GACCoM  
Family Boat Cruise

Held by GACCoM  
**Chicago, IL**  
[www.gacccom.org](http://www.gacccom.org)

### July 10

German Business  
Roundtable

Held by GACC South  
**Houston, TX**  
[www.gaccsouth.com](http://www.gaccsouth.com)

### July 10

Green Cities –  
Sustainability as an  
Economic Growth Engine:  
German-American Session  
at Intersolar North America

Held by GACC Western U.S.  
**San Francisco, CA**  
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### July 13–14

16th Annual Biergartenfest

Held by GACCoM  
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**Morrison, CO**  
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### July 16

International Business  
Networking Reception with  
the Mayor of Philadelphia  
Michael A. Nutter

Held by GACC and  
International Chambers  
of Commerce  
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### July 18

International  
Business Networking

Held by GACCoM  
**Chicago, IL**  
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### July 24

Business Seminar w/ Habif,  
Arogeti & Wynne

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### July 26

YEC Summer Social  
at Poggenpohl

Held by GACC New York  
**New York, NY**  
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### July 27

Annual German  
Fest Reception

Held by GACCoM  
WI Chapter  
**Milwaukee, WI**  
[www.gaccwi.com](http://www.gaccwi.com)

### August 9

Summer Networking  
Reception

Held by GACC PHL  
**Philadelphia, PA**  
[www.gaccphiladelphia.com](http://www.gaccphiladelphia.com)

### August 15

International  
Business Networking

Held by GACCoM  
**Chicago, IL**  
[www.gacccom.org](http://www.gacccom.org)

### August 17

Charity Golf Tournament

Held by GACC South  
**Atlanta, GA**  
[www.gaccsouth.com](http://www.gaccsouth.com)



### August 21

German Business  
Roundtable

Held by GACC South  
**Dallas, TX**  
[www.gaccsouth.com](http://www.gaccsouth.com)

### August 25

9th Annual German Bierfest

Held by GACC South  
**Atlanta, GA**  
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# GERMAN AMERICAN TRADE

THE MAGAZINE OF THE GERMAN AMERICAN CHAMBERS OF COMMERCE

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**German American Chamber  
of Commerce of the Southern United  
States, Inc.**

1170 Howell Mill Road, Suite 300  
Atlanta, GA 30318  
T 404-586-6800 F 404-586-6820  
[info@gaccsouth.com](mailto:info@gaccsouth.com)  
[www.gaccsouth.com](http://www.gaccsouth.com)

## Chicago

**German American Chamber  
of Commerce of the Midwest, Inc.**

321 North Clark, Suite 1425  
Chicago, IL 60654  
T 312-644-2662 F 312-644-0738  
[info@gaccomm.org](mailto:info@gaccomm.org)  
[www.gaccomm.org](http://www.gaccomm.org)

## Houston

**German American Chamber  
of Commerce of the Southern United  
States, Inc.**

Houston Office  
1900 West Loop South, Suite 1185  
Houston, TX 77027  
T 832-384-1200 F 713-715-6599  
[info@gacctexas.com](mailto:info@gacctexas.com)  
[www.gacctexas.com](http://www.gacctexas.com)

## New York

**German American Chamber  
of Commerce, Inc.**

75 Broad Street, 21st Floor  
New York, NY 10004  
T 212-974-8830 F 212-974-8867  
[info@gaccny.com](mailto:info@gaccny.com)  
[www.gaccny.com](http://www.gaccny.com)

## Philadelphia

**German American Chamber  
of Commerce, Inc.**

One Penn Center, Suite 340  
1617 John F. Kennedy Blvd.  
Philadelphia, PA 19103  
T 215-665-1585 F 215-665-0375  
[info@gaccphiladelphia.com](mailto:info@gaccphiladelphia.com)  
[www.gaccphiladelphia.com](http://www.gaccphiladelphia.com)

## San Francisco

**German American Chamber  
of Commerce, Inc. Office for the  
Western United States**

One Embarcadero Center  
Suite 1060  
San Francisco, CA 94111  
T 415-248-1240 F 415-627-9169  
[info-ca@gaccny.com](mailto:info-ca@gaccny.com)  
[www.gaccsanfrancisco.com](http://www.gaccsanfrancisco.com)

## Washington, DC

**Representative of German Industry  
and Trade**

1776 I Street NW, Suite 1000  
Washington DC 20006  
T 202-659-4777 F 202-659-4779  
[info@rgit-usa.com](mailto:info@rgit-usa.com)  
[www.rgit-usa.com](http://www.rgit-usa.com)

## Design and Production

**Thinkersdesign**

328 Commerce Street  
Hawthorne, NY 10532  
T 914-741-0445 F 206-203-3640  
[ideas@thinkersdesign.com](mailto:ideas@thinkersdesign.com)  
[www.thinkersdesign.com](http://www.thinkersdesign.com)

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## GAT Editorial Team

**Nicola Michels** GACC NY  
**Editor & Advertising Coordinator**  
T 212-956-1770 F 212-974-8867  
[nmichels@gaccny.com](mailto:nmichels@gaccny.com)

**Ning Wang** GACC NY  
[nwang@gaccny.com](mailto:nwang@gaccny.com)

**Sandra Jones** GACC NY  
[sjones@gaccny.com](mailto:sjones@gaccny.com)

**Barbara Afanassiev** GACC NY  
Philadelphia Branch  
[bafanassiev@gaccphiladelphia.com](mailto:bafanassiev@gaccphiladelphia.com)

**Stefanie Jehlitschka** GACC South  
[pr@gaccsouth.com](mailto:pr@gaccsouth.com)

**Julia Prestel**  
GACC NY, Office for the Western U.S.  
[jprestel@gaccny.com](mailto:jprestel@gaccny.com)

**Jayne Riemer-Chishty** GACC Midwest  
[riemer-chishty@gaccomm.org](mailto:riemer-chishty@gaccomm.org)

**Bettina Wurster** RGIT Washington  
[bwurster@rgit-usa.com](mailto:bwurster@rgit-usa.com)



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