



NEW STANDARDS FOR SERBIA'S INDUSTRY

FOR SERBIAN COMPANIES, THEIR COUNTRY'S EU MEMBERSHIP BID CREATES HOPEFUL ECONOMIC PERSPECTIVES, BUT ALSO OBLIGES THEM TO IMPLEMENT NEW NORMS AND STANDARDS. SUCCESSFUL BUSINESSMEN HAVE ALREADY EMBARKED ON THIS PATH.

Text: Martin Engel, Photos: Michael Meier

THE NEIGHBORING COUNTRIES Slovenia, Croatia, Macedonia, and Montenegro are already members of the EU, or are well on the way towards membership; since the end of civil war and the political watershed about ten years ago, Serbia is now also on course for possible EU accession. Such a step would bring with it the prospects of economic improvement, but also drastic structural changes. While the Serbian industry is still largely an unknown quantity in the EU, some businessmen are already adjusting to the changing conditions. Milojko Damljanović, Slobodan Vasiliević, and the brothers Dejan and Srdjan Džipković founded their companies back in the 1990s, when the war and international isolation were still the determining factors for the economic situation. As entrepreneurs, they quickly recognized that high-quality work could give them a competitive advantage, and set their companies on track towards higher standards.

EXPORT DEMANDS QUALITY

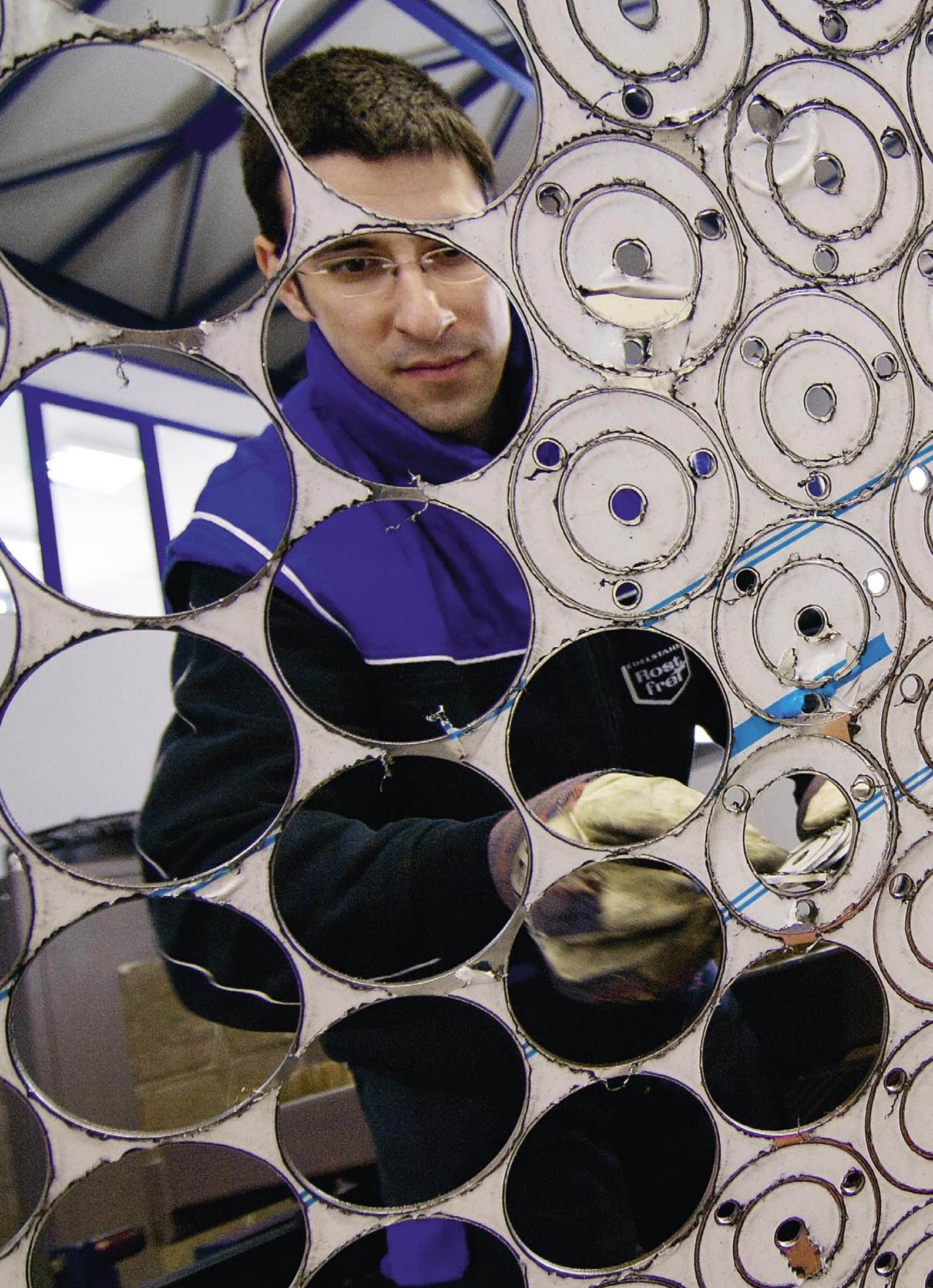
Already in 1990, Milojko Damljanović took advantage of the opportunities that offered themselves in his country. Today, he is the owner of a group of companies consisting of two units. His two daughters each hold a 10 percent share of the group. Twenty years ago, he founded the company Dam-Mont as a private start-up in his hometown of Dovrište in central Serbia. In 2007, he purchased a previously state-owned enterprise by the name of Lola Livnica-Pom in Belgrade, which he then subjected to a comprehensive modernization. The takeover of the company Lola, which was integrated as a subsidiary of Dam-Mont into the newly formed corporate group, dramatically broadened the portfolio of his company and opened completely new production possibilities, according to Damljanović.

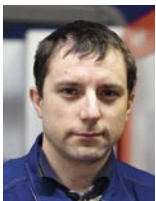
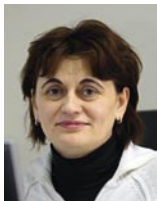
The group of companies employs a total workforce of more than 600: 450 in Belgrade, 140 in Dovrište, and a further 20 at the Dam-Mont subsidiary in Münster (Germany). The focus is on steelwork, machine and plant construction, structural and civil engineering, and manufacturing trailers for trucks and other types of vehicle.

He is well aware that Serbian products do not always enjoy the highest reputation for quality in Western industrial countries, but sees this as a homemade problem. It is not uncommon even today for work to be carried out using outdated machines and poorly trained personnel. "I can only recommend that every company give quality and on-the-job safety the highest priority and secure approved certification," Damljanović explains. He shows us the appropriate documents for his company, including a Master Certificate of Excellence in Welding Work, issued by the University of Karlsruhe for the application areas DIN 18800-7 (steel constructions) and DIN 15018 (cranes), as well as the Quality Certificate DIN EN ISO 3834 (special applications), and of course also the ISO 9001:2000 certificate.

Prior to setting up the company, he worked for almost 20 years as an assembly manager and assembly inspector on building sites in Germany and understands the mentality and the expectations of his customers.

Stainless steel processing at Slovas in Čačak. Microsteps prevent laser-cut parts from falling out.





The Head of Dam-Mont, Milojko Damljanović (top left), worked for almost 20 years as an assembly manager and assembly inspector on building sites in Germany. He knows the demands made by his customers in the German-speaking region and hence places great value on very good training and a high level of quality awareness of his employees. The group of companies, with locations in Belgrade, Dovrište, and Münster (Germany), employs a workforce of 600.

These are generally located outside of Serbia, above all in Germany, which is Serbia's most important trading partner. "Exports make up more than 90 percent of our output," says Milojko Damljanović, who expects the share of domestic orders to increase due to upcoming public-sector investments in the infrastructure.

CLASS AND COMPLETENESS

This is why Damljanović has decided to invest in modern machinery, including first-rate equipment for metal sheet processing in Dovrište – with key components supplied by Bystronic. In addition to a

Bystronic Beyeler PR pressbrake with six CNC-controlled axes, the plant also features two laser cutting machines: a Bystar L 4025-65 that can also be used for cutting large parts of up to 6.5 meters in length and which is equipped with the 6-kilowatt ByLaser 6000 laser source, as well as another Bystar with a working area of 4.0 by 2.5 meters. Furthermore, another high-tech project is being implemented in Dovrište: twenty industrial robots will be installed at the end of the year for production orders from Siemens and Bosch in the production hall, which is currently being refurbished and expanded.



Dam-Mont in Dovrište impresses through know-how and top-class sheet metal processing with the abundant involvement of Bystronic, for example a Bystar L 4025-65 (top).

The array of machines is impressive not just in terms of quality, but also for its range. "Throughout Europe, you will find very few factories in our branch of industry that are as broad-based as we are in terms of production technology; and certainly none in Serbia," Damljanović is quite certain. Lola even has its own foundry. Additionally, he plans to purchase a CNC vertical lathe for processing parts of up to 20 meters in diameter, and the construction of the company's own hydropower station with an output power of 9 megawatts is well underway. All this is required to increase the added value. "The vertical range of manufacture is almost 100 percent," explains Milojko Damljanović, including for spreaders. These machines are used in open-cast mining for carrying off the excavated earth and other materials. In this segment, his company is the exclusive production partner of ThyssenKrupp Fördertechnik. The concrete example shown on the computer monitor weighs 1,800 tons, was assembled on-site over a period of eight months, and has a real transport capacity of 7,000 tons per hour.

DIVERSIFICATION AS THE BASIS FOR THE FUTURE

Unlike the Dam-Mont company, Slovas emphasizes the domestic market. Around 65 percent of the customers are based in Serbia. Based on a total turnover of 25 million euros, the export share in the previous year was around 11 percent. Exports go primarily to the former Yugoslav republics. Managing Director Slobodan Vasiliević started his career as a stainless steel trader in 1993. Today, he employs a workforce of around 70 in his company in the city of Čačak (pop. 120,000) in the west of the country. The company continues to concentrate on stainless steel, but in addition to being one of the country's largest importers and traders in raw materials such as steel plate, pipes, and rods, it also runs a job shop and manufactures semifinished goods such as fixtures, flanges, tanks, handrails, etc., which are sold through its own sales channels. The business is doing well in spite of the reduction in turnover caused by the current economic crisis. In 2009, it sold around 7,000 tons of stainless steel and stainless steel products, 15 percent less than in the record year 2008. The company's database lists 7,000 customers, mostly smaller companies, and 20,000 articles – and the numbers are still increasing.

The expansion of the business activities was necessary in order to remain viable for the future, but raised the question of the correct type of machines and systems. "In order to be successful, you have to offer something that no

"At Dam-Mont the vertical range of manufacture is almost 100 percent."

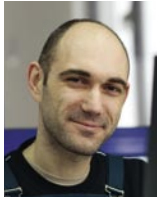
Milojko Damljanović, founder and majority shareholder of Dam-Mont



A wide selection of production facilities: the Dam-Mont subsidiary Lola in Belgrade. Here the work consists primarily of large orders and, for example, the manufacture of spreaders for open cast mining.

“In order to be successful, you have to offer something that no one else can.”

Slobodan Vasiliević, President of Slovas



President Slobodan Vasiliević (top left) is a living example for discipline, quality awareness, and a positive attitude towards work. He considers the adaptation of the know-how of his 70 employees to be an important success factor. He also places great importance on a well-groomed image, which is why the employees wear modern company working clothes.

one else can, and then secure the means to deliver," Vasiliević points out. He explains that while Serbia processes the same materials as companies in Western Europe, it can't offer the same quality in terms of production plants, production processes, and employee know-how. And this is precisely where he sees his opportunity: by training employees, setting a good example in terms of attitude, and purchasing high-quality machines.

These machines also include Bystronic equipment: a Byspeed 4020 laser cutting system, a ByJet Pro L 6030 waterjet cutting machine for large-format and thick materials, a Bystronic Beyeler Xpert press-brake, and a plate shear. Additional selling points include punctual delivery with the company's own fleet of vehicles and careful handling of the material, since stainless steel is often used in areas where design and appearance are important. And of course, Vasiliević says, his factory is certified according to ISO 9001:2000 and ISO 14000. Among the other factors that matter to him are cleanliness, order, and aesthetics, since quality begins in the details. Everything has its proper place, the employees wear clean company-issued work gear, and the company premises – including an imposing office block built in 2006 and extended in 2009, and also featuring a great deal of stainless steel – signalize professionalism and confidence.

Slovas also followed the same path that Miloško Damljanović and Dam-Mont have taken: last year, it took over another previously state-owned company also located in Čačak by the name of CER, which is currently being modernized; at present, a new production hall is being built. "With this investment, we have broadened our scope, which means that we have entered a new business segment and have expanded our range of production, primarily

in the mechanical processing," Vasiliević explains. These will be used primarily to increase the company's ability to supply finished end products. CER manufactures a variety of systems for drying fruit and cereals.

ADAPTING TO CHANGES

Under comparable conditions as Slobodan Vasiliević, the brothers Dejan and Srdjan Džipković set up their company Jeep Commerce in 1998 in Belgrade: they, too, started in the wholesale trading business, namely in sheet steel and pipes. And like Slovas, Jeep Commerce has successively expanded its portfolio. The wholesale business is still an important mainstay, but in the meantime, it has comple-



Quality begins in the detail: cleanliness, tidiness, and aesthetics characterize the Slovas corporate image.

Right-hand page: Slovas' new buildings – built in 2006 – reflect the professionalism and self-confidence of the company.



“Quality is the highest precept – in particular if one wants to export to the EU.”

Dejan Džipković, co-owner of Jeep Commerce

mented and completed these activities with the production of its own products, job-shop work, and several retail outlets in Belgrade. From raw materials through to screws and hinges, there is hardly a product made of steel or aluminum that is not on offer in the Jeep Commerce shops.

In the past year, the company's annual turnover was 90 million euros. It sold 125,000 tons of unprocessed and processed material, including 33,500 tons of sheet metal and 35,000 tons of piping. Today, Jeep Commerce employs a workforce of more than 350.

In 2008, a new state-of-the-art service and distribution center was completed in Krnjača, a suburb of Belgrade. The office complex that was also built as part of that project now doubles as the new company headquarters. On the one hand, the service and distribution center is a warehouse for up to 10,000 tons of material, while, on the other, it also houses a superbly equipped machine park for fulfilling job-shop orders for third-party companies, but primarily for manufacturing the company's own products. These are sold both to customers in Serbia and abroad, mainly to customers in the EU. Among the machines is a Bystronic Bystar 4020 laser cutting system, “a good choice,” as Dejan Džipković remarks: the machine system is extremely precise and reliable, which is also how he would describe the service provided by Bystronic. And Jeep Commerce, too, operates according to the same standards that the companies Dam-Mont and Slovas have set themselves: “Quality is the highest precept – in particular if one wants to export to the EU,” Džipković says. Consequently, they also work in accordance with the certification

norm ISO 9001:2008. Their own range of products, which are primarily used in structural and civil engineering, include electro-forged piping that meets the EU's product safety guidelines and hence carries the CE label, as well as profiles, metal containers, and steel trellises.

When asked about the reasons for the equally fast and broad growth of Jeep Commerce, Dejan Džipković remarks that the company always tries to anticipate movements in the market and to adapt the company to meet them. This applies in particular to the domestic market, which underwent enormous changes during the initial years following the founding of the company. Hence, the portfolio was consistently expanded. He believes Serbia's greatest strengths as an industry location consist in its domestic growth potential and the fact that it offers low wage costs for very highly qualified personnel.

Slobodan Vasiliević of Slovas also agrees, but notes that this potential cannot be fully utilized, since too little fresh capital is flowing into the market. Serbia has a negative trade balance, with more goods being imported than are exported. Companies lacking funds have postponed investments. And although his own company Slovas has been a success story, in practice, he is still confronted with this problem: seventy percent of his orders are transacted as barter deals. “In this environment, you have to be a good businessman to ensure liquidity,” Vasiliević adds. Dejan Džipković identifies the bureaucratic procedures within the public administration as another weakness. As far as the idea of Serbia's possible EU membership is concerned, they all share a single positive opinion. “Larger and more open markets without customs barriers increase the opportunities of developing new customer groups and provide access to new technologies,” explains Džipković. These considerations notwithstanding, all three expect their companies to experience further growth, with or without Serbia's admission to the EU. In the end, according to Damljanović, the only companies to profit from EU membership will be the ones that are competitive and have managed to adapt their production to the new terms – companies such as Jeep Commerce, Slovas, and Dam-Mont.



Jeep Commerce started life as a steel wholesaler. Today, in addition to this, it is involved in retail trading, the manufacture of its own products, and in offering job-shop services – with the support of a Bystar 4020 laser cutting system.