

Press release

Industry study

Customer Is King – Enterprises Intensify Innovation Efforts

- **New development efforts are being focused more closely on customer needs**
- **One in three enterprises will spend more on innovation in 2015**
- **78 percent of all companies reward good ideas monetarily**

Wesel, February 26, 2015 – In the view of German managers, the success of industrial enterprises depends decisively on their innovative capability. On a scale of 1 to 10, managers rate its influence at an average of 8.7 points. Acting on this awareness, many enterprises implemented more actions designed to promote innovation in 2014 than in the previous year. This is a key finding of the 2015 Industry Innovation Index, a cross-sector study commissioned by the specialty chemicals company ALTANA for the second year in a row, for which the market research firm Forsa-Institut surveyed 250 top decision-makers and 250 entry-level employees in German industrial companies.

Of eleven actions that are known to be important for promoting innovation, the focus on customer needs was the one most often implemented in the surveyed industrial enterprises. A total of 55 percent of the companies systematically analyze the needs of their target group before developing new products. That is 9 percentage points more than in the previous year's survey at the end of 2013.

The proportion of managers with a great willingness to invest in research and development also increased by eight points, to 30 percent. Accordingly, almost one third of the companies have budgeted more resources for innovation projects in 2015. The third most frequently implemented measure to promote innovation is an employee suggestion system. Every third company uses such a system extensively.

94 percent of the industrial enterprises reward employees who initiate an innovation. However, the focus here is on financial rewards (78 percent). In seven out of ten companies, top management also thanks the innovator personally, and the innovation is publicized internally.

"Appreciating success cannot be overestimated. It is and remains the key motivator for future innovations," declares Dr. Matthias L. Wolfgruber, CEO of ALTANA. "Financial factors alone, such as a big R&D budget or an attractive compensation system, aren't enough to sustain long-term innovation."

Innovation potential still not fully utilized

The stepped-up expenditure of German industrial enterprises is not yet producing an increase in innovative capability in German industry. The Industry Innovation

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Press release

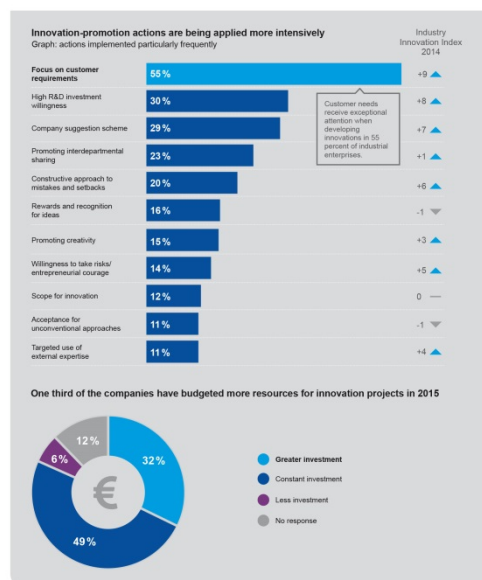
Index in this study was calculated as 139.5 points, compared to 142 last year. Generally, an index value of over 100 points is an indicator for a high level of innovative capability.

"An enterprise culture can't be turned around in just a year, and such a change doesn't lead directly to new products either," notes Dr. Georg F. L. Wießmeier, ALTANA's Chief Technology Officer. "Many important parameter adjustments for innovation initially have an internal effect before manifesting outwardly. The study shows clearly that these adjustment mechanisms can be used more effectively." For example, only one in ten industrial enterprises offers sufficient scope for innovation and unlimited acceptance for unconventional thinking and action. The study also found that only one in ten companies systematically utilizes external knowledge.

Background to the Industry Innovation Index study

Industry Innovation Index 2015: Businesses commit more to driving innovation

Results of a survey of 250 top managers from German industrial companies with more than 250 employees*



At the end of 2014, market research institute Forsa was commissioned by the ALTANA Group to conduct 500 telephone interviews with representatives from industrial companies with over 250 employees. A total of 250 members of management boards, managing directors and division heads were interviewed. At the same time, Forsa polled 250 entry-level employees at industrial companies aged between 18 and 35, with work experience of between two and five years.

This press release and a [printable graph](#) can be found at www.altana.com/press

About ALTANA:

ALTANA develops and produces high-quality, innovative products in the specialty chemicals business. The ALTANA Group, with headquarters in Wesel/Germany, is a genuine "global player" with about 86% of its sales generated by international activities. The ALTANA Group has four divisions: **BYK** Additives & Instruments, **ECKART** Effect Pigments, **ELANTAS** Electrical Insulation, and **ACTEGA** Coatings & Sealants. All of these divisions occupy a leading position in their target markets with respect to quality, product solution expertise, innovation and service.

ALTANA offers innovative, environmentally compatible solutions with the matching specialty products for coating manufacturers, paint and plastics processors, the printing and cosmetic industries, and the electrical and electronics industry. The product range includes additives, special coatings and adhesives, effect pigments, sealants and compounds, impregnating resins and varnishes, and testing and measuring instruments. At present, the ALTANA Group has 49 production facilities and more than 50 service and research laboratories worldwide. Throughout the Group more than 6,000 people work to ensure the success of ALTANA worldwide. In 2013, ALTANA achieved sales of about 1.8 billion euros. Its impressive earning power and high growth rate make ALTANA one of the most successful and innovative chemical groups worldwide.

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