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“As business leaders we have to help the people working for us and supplying us to put the pandemic into perspective, in order to replace fear with informed hope and optimism.”

— Ernst Prost, Managing Director of LIQUI MOLY. Page 42

Ernst Prost (63) and Günter Hiermaier (56) celebrate their **LIQUI MOLY** **thirty year anniversary** with the German oil and additive specialist.



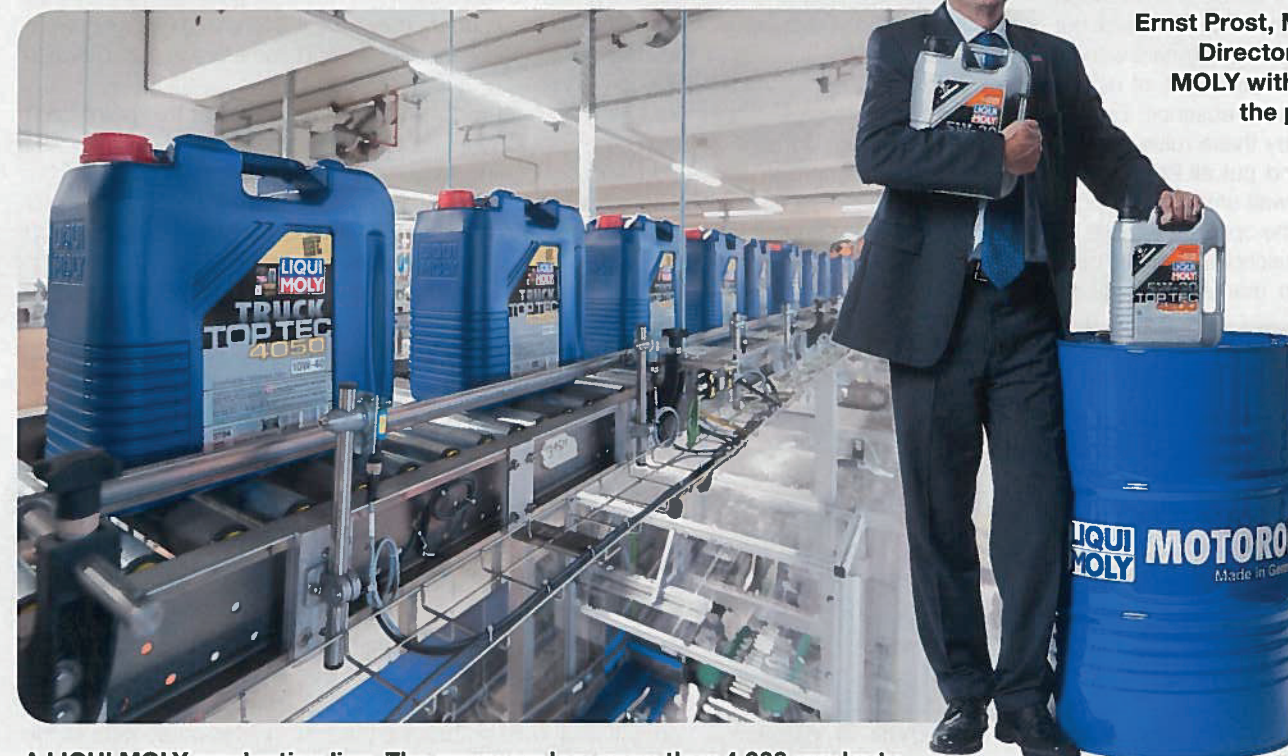
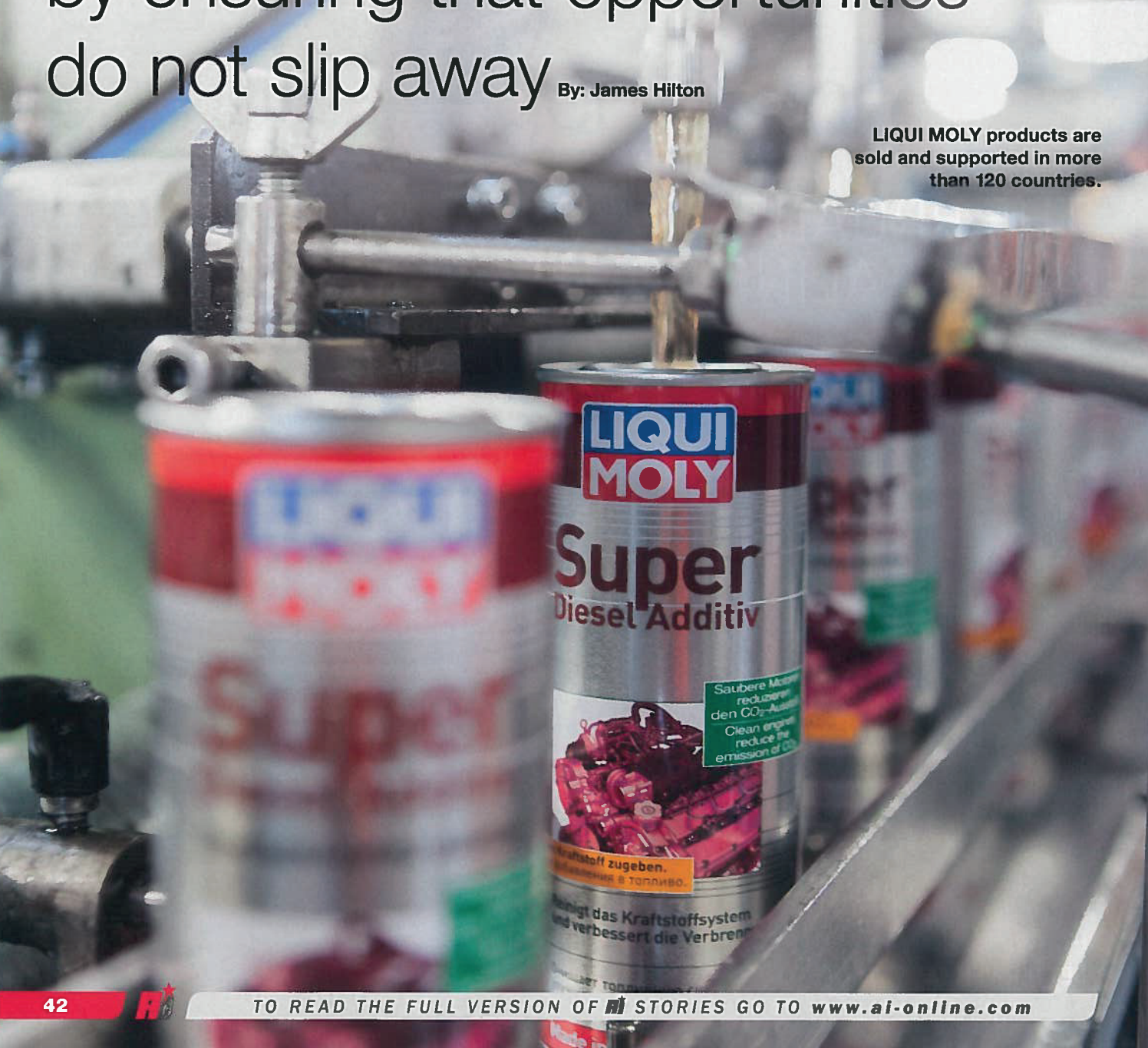
**LIQUI
MOLY**

innovation

Securing the future of **LIQUI MOLY** by ensuring that opportunities do not slip away

By: James Hilton

LIQUI MOLY products are
sold and supported in more
than 120 countries.



Ernst Prost, Managing
Director of LIQUI
MOLY with some of
the products.

A LIQUI MOLY production line. The company has more than 4,000 products.

Globally, many companies in the automotive and other sectors have responded to the Covid-19 induced downturn by focusing inward to cut costs.

This has put thousands out of work or on short pay, further exacerbating the economic effects of the response by governments to the virus. The World Trade Organization predicts that all regions of the world will see trade plummeting by double digit numbers.

For business leaders there is an alternative to cutting back. Within the motor industry one of the leading examples of what can be done is LIQUI MOLY, which specializes in motor oils, lubricants, vehicle care products and additives. Management and staff are hard at work identifying the opportunities presented by the pandemic.

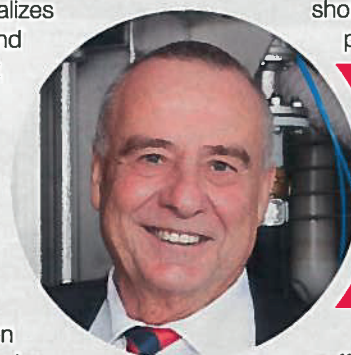
Across the board and around the world, employees have been able to focus on growing the business and meeting production targets because LIQUI MOLY Managing Director Ernst Prost has assured them that no-one in the company would lose their jobs, even it meant waiving his own salary. Since then, he has taken pains to address employees and clients on a regular basis to keep inspiring them to identify opportunities in the current, dark times.

Automotive Industries (AI) asked Prost and other LIQUI MOLY top executives – namely Sebastian Zelger CEO, LIQUI MOLY USA and Peter Baumann, Marketing Director at LIQUI MOLY – to share their thoughts and philosophy about how business leaders should adapt to a Covid-19 world. The objective is to encourage other managers and shareholders in the automotive sector to

power their way out of the many challenges Covid-19 has put their way.

AI: How has the work/life balance been affected by so many people working remotely?

Prost: I do not like this formula for work/life balance. It's plain wrong. As if life and work were opposites. Work is a part of life – and an important one, at that. I think every person should have a job that fulfils them and that gives them pleasure and satisfaction.



Ernst Prost, Managing Director of
LIQUI MOLY.

Work gives you satisfaction, recognition, self-affirmation and the good feeling of having achieved something. I would even say that work is an essential part of a fulfilled life. Ask any unemployed person – regardless of the money and social contacts one has through work. If only leisure time is sacred and the opposite is perceived as drudgery or something bad, something is wrong with our society.

Of course, the proportion and the time required must be right. And that's why I have banned overtime. In my wild years, I always waited for our competitors to enjoy a long weekend, close down ▶

for company vacations or otherwise be absent, leaving their "castle" unguarded and abandoned. We always made good use of these moments. Whenever our competitors were on vacation, we wowed the customers with the best offers.

I still love this tactic of using a surprise to get ahead during the opponent's absence. Even now in the crisis, we are playing our game by these rules. Most companies take cover, cut their budgets and put all kinds of activities on hold, or simply sit at home and wait until it's all over.

We do the opposite: exploit the opportunities that every crisis offers by taking a counter-cyclical approach. We are investing in markets, people and our brand right

Sebastian Zelger CEO,
LIQUI MOLY USA.



now. Let us make the most of what we are doing right now. We can still enjoy it later – when we have won the game.

AI: How do you see workers in the USA juggling the work-life balance and how has the COVID-19 disease changed this?

Zelger: There is no stock answer, as the response differs from person to person. I know for a fact that many of my friends are actually re-thinking their way of life. Before COVID19, they

were in a rush constantly with their job. They did not have the time to take a breath to figure out if this hectic lifestyle is what they truly want. Now, all of a sudden, they have the time to think about what they really want and care about – and some are about to switch their careers.

Other friends of mine who are furloughed at this point can't wait to get back to work, as they miss not only the work itself, but also the social component of it. Yes, work is very social!

To sum up: COVID19 will change the way work is seen for some. Others won't feel that they need to change anything, and will be happy just to get back to work.

One factor of work life balance though – as the expression already reveals – can be found in the total amount of time you have available to spend outside of your work. Of course, some people love their job so much they actually wouldn't need any time off work. They are fulfilled by it. Their life is their work and their work is their life. I think that this mostly applies to me and part of me wishes that everybody could think like this, but of course this doesn't apply to everyone.

Generally, employees in the United States have less vacation time than my German colleagues.

Furthermore, I do see that many of US employees (Not our LIQUI MOLY employees) do not only have one job they are committed and dedicated to, but two or even three jobs at the same time, for multiple reasons.

In order to have a healthy work life balance from the "time" point of view, it is quite difficult to achieve a healthy work life balance if you don't have time for the "balance part".



LIQUI MOLY is the supplier of South Racing, one of the biggest cross-country teams in the world.



Alongside the traditional VW Golf TCR, the LIQUI MOLY Team Engstler now also has two Hyundai i30 N TCR in the German touring car championship.

POST-COVID BUSINESS

AI: What do you think working life will look like after the pandemic dies down?

Baumann: I'm a positive-thinking guy. So, I guess everybody should and will be more focused on really important topics, on personal relationships, on service beside selling, on avoiding unnecessary costs, business trips, meetings etc. For sure, all kinds of digital support will play a bigger role.

Prost: What scares me the most right now is the cacophony of the government and its departments, competence centers and think tanks and talk shows that fill the ears of frightened citizens. Some expert / politician warns against giving the all-clear too early, while another sees the light at the end of the tunnel through her or his ministerial glasses.

There are conflicting messages coming from the same institutions, be they government or so-called expert groups. There is continual fear, warnings, suggestions, demands, admonitions and, of course, endless discussions between experts and politicians. These discussions just illustrate the lack of consensus on what should and needs to be done.

Mask yes or no? Or maybe? An example of what is happening around the world is the political promises here in Germany by economics minister Peter Altmaier that "not a single job" would be lost. In the next breath the same minister tells us that "we must prepare ourselves for serious, deep and lengthy cuts."

The feedback from our operations around the world is that

people everywhere are being subjected to conflicting messages, which make one anxious because it seems it is a case of the blind leading the blind.

Yes, something has to be said to the citizens and the people – we need to be told if we are to be frightened and worried by the disease, but these warnings should be backed up with actual facts.

As business leaders we have to help the people working for us and supplying us to put the pandemic into perspective, in order to replace fear with informed hope and optimism. Angst essen Seele auf (Fear eats the soul) is the title of a film by Rainer Werner



Peter Baumann, Marketing
Director at LIQUI MOLY.

Fassbinder from 1974. The deliberately grammatically incorrect title in German has taken root in my mind.

We all have fears, fear of loss, relationships, failure and death. There is no end to the things you can be fearful of. The Gauls in the famous comic series, Asterix & Obelix were always afraid that the sky would fall down on their heads. Yes, we may laugh, but aren't many fears irrational, surreal and frightening? Waking up in a sweat, plagued by nightmares and tormented by primal fears. I get that a lot. Sometimes it takes me a few hours to

push the dark and gloomy thoughts away. Fear sits in your bones, deep down they say, so fear is normal, just like many other things in life that we don't like.

THE POWER OF POSITIVE THINKING

AI: What message is the world waiting for from governments, organizations such as the WHO and other partners who are battling the coronavirus and its effects?

Prost: Everybody needs a clear plan and schedule as far as possible. And a common sense in this. People are not stupid. Everybody understands the situation. In total and also from his personal perspective. Nobody needs "doom and gloom messages" and descriptions of all the negative things. People need leaders, and no liars. We have the option to close our eyes and to hope nobody sees us or we keep all together, motivate each other, see the chances and keep on fighting for our business and our jobs. Each crisis delivers chances and business opportunities.

AI: How has the mixed messaging by various leaders in the developed world impacted on business sentiment?

Zelger: To start off, I think most of our world leaders do want the best for their citizens and try balance protection of health and economic interests. There are mixed messages simply because we have different circumstances in each country, and even within the same country, the same institutions of this country, there are many different opinions about this topic and how to handle it.

You ask an economist – you get one opinion. Ask a virologist – you get another opinion. Ask a politician – he'll take the opinions of both economist and virologist and make his own mind about it. On top of that, you have different ideologies and priorities, which lead to the fact that there are many different ways how countries respond to this crisis.



Tennis star Roger Federer in front of a LIQUI MOLY advertisement at the MercedesCup. The company has maintained its profile during the global lockdown.

Of course, this may lead to confusion amongst federal and state governments, companies, as well as their leaders and their employees. Therefore, every company has to make their own decision about what is best for them in the given circumstance. There are companies which are very flexible and willing to adapt (virtual training, e-commerce opportunities, just to name two examples) which – as a matter of fact in certain segments – gives them a tremendous competitive advantage amongst their competitors. While some companies are asleep / on hold/ or shut down completely and furlough their employees during these times, others actually invest in their personal, customers and brand awareness in order to be prepared when business comes back. I do want to acknowledge that this cannot be applied to all companies of course, we at LIQUI MOLY are fortunate that the circumstances allow us to act the way we do.

AI: What should we be expecting from our governments?

Prost: Everyone knows that epidemics and pandemics visit us from time to time. How come we were caught off guard so brutally and so unprepared? When my son, Benjamin, was in hospital for several weeks in October 2018, I was able to experience our German health system first-hand. Not through glossy brochures, but by a nurse who had to look after 18 rooms with two patients each during the night shift all by herself. So, some people had to wait on the toilet bowl a little longer until someone came to clean their butts. Many nurses and caregivers were in the ward until late in the evening and also the next day early in the morning (with a break for sleep, I hope).

As a born-and-bred Swabian, I'm already firmly in favor of saving money. But certainly not for ruinous cost-cutting that will cut our future. It's shameful how badly we pay people to operate on us or clean our behinds. Surely, we cannot expect this to be done out of pure charity and helpfulness – although this is the case – without paying the people who accomplish such a Herculean task a proper living wage. It's indecent, it's unfair and, as you can see now, it's plain stupid.

This little virus will probably cost us 1, 2 or even 3 trillion euro worldwide. But actually, it is not the virus that is causing this damage, but the short-sightedness of those who are entrusted with taking care that an epidemic or pandemic does not immediately throw the whole world completely off balance. The focus on saving money has resulted in a human and economic catastrophe.

PROSPECTS FOR REVIVAL

AI: How do you see business reviving as lockdowns are eased globally?

Baumann: Let me talk about our business. I think everybody understands much better now how important logistics and personal mobility are. Someone who owns a vehicle is not left stranded by the closure of public transport. Our business will be reviving quickly as these vehicles need scheduled servicing and high-quality products to run properly. On the logistics side trucks, rescue vehicles, public transportation, mining and agricultural equipment and more need lubricants to keep operating.

Prost: This crisis is uncovering a lot of hidden truths. Three times a day, I am reminded of the following saying: "A person reveals his true worth in adversity". And there are surprises in both directions. But the German poet and philosopher, Friedrich Hölderlin also said, "Where danger is, grows. The saving power also.", and we can see this in action every day. Some of us are rising to the challenge by taking action where needed and making our own personal contribution to overcoming this crisis and helping others.

However, it is not always those of us with the strongest arms and broadest shoulders (and biggest wallets) who are in the frontline where we really should be, but rather those with the biggest hearts who our beloved God filled with empathy and compassion, creativeness and a sense of responsibility. But there are others who cannot help putting themselves first in times of crisis and can only think of themselves. It must have been a similar situation on the Titanic. We are not on a boat, but in a company with a crew of 1,000 people on board and 10,000 passengers – our customers, our business partners.

When was the last time you heard or saw anything from our competition? All of them have run for cover, in home office or short time work. The only thing left working is the answering machine. That's just great! This is typical of a multi-national corporate company and I didn't expect anything else. Anyone who now chooses to sit on their sofa and wait until everything is back to normal hasn't understood what a company actually stands for and what defines us as human beings.

In Germany, we hear talk which separates the economy on one side and the citizens on the other. That isn't how we should see it. We generate two thirds of our business from our exports outside Germany. We can't just take. We have to give too! That is the least what all 1,000 of the LIQUI MOLY employees should, can and must now do. I am counting on them now – as I have done for the last 30 years.

STRONG LEADERSHIP

AI: How important is it to you personally that a company and its leadership should show the way forward during dire straits?

Prost: As always in uncertain times people need a leader who takes the responsibility, shows the direction and is leading from the front. This includes the whole management team and is motivation for everybody. These leaders should not only pump up their muscles. It's much more important to show social responsibility, have a clear plan and "do it".

AI: How has LIQUI MOLY's decisive stance compared to other big corporations who've started demanding government bailouts while laying off workers?

Zelger: I cannot talk for other companies, but we here at LIQUI MOLY USA did not furlough nor layoff any of our employees due to Covid-19. I do not want to be seen to be judging companies which have asked for government help, as in many circumstances this is necessary to keep their businesses alive, and I'm glad this support is available for them. That's what aid is for.

On the other hand, though, one must at least question the acts of a handful of bigger corporations who claim government aid on one hand and on the other hand pay huge bonuses to their top managers, as well as dividends. This is a questionable reallocation of tax payer money. We as the LIQUI MOLY family have not asked for any government aid. We want and will get out of this crisis without any government help. We rely on our amazing employees, partners and customers who will support us to keep our factory busy and production running.

BUILDING THE BRAND

AI: How will LIQUI MOLY be remembered after the pandemic dies down?

Baumann: We have always been a very socially responsible corporate citizen. This is part of our philosophy. From the beginning of this crisis we told everybody in the LIQUI MOLY



LIQUI MOLY is extending its involvement in Formula 1 and has signed a contract with the racing series until the end of 2022.

family that nobody would be left behind. Nobody would lose his/her job. And we prepared the way for the time after the crisis by communicating and promoting our products and services in ways we have never done before. This supports directly the business of all our distributors, dealers and workshop partners around the globe. Not to forget: We have sent free products to health care services around the globe to the value of several millions of Euro. People will keep this in mind when deciding which brands and companies to support in the future.

AI: Honor is a seen a rare quality for businesses and corporations. Many focus on profits at the expense of society and the environment. Why is it important to you personally that this is not LIQUI MOLY's way?

Prost: This is quite easy to answer, as it's proven by our success. Honor, respect and reliability are directly related to long-term and sustainable profit. All our global business partners know they can rely on us in person, on our service, product quality and support. Everybody in our world – suppliers and clients – know that they can trust us in each and every situation. We pay our bills in time and we deliver our goods complete, at the highest quality and on time. And they pay back the same way.

BEING VISIBLE DURING BAD TIMES

AI: Why does LIQUI MOLY choose not to run for cover during bad times?

Baumann: If you run for cover, you can't see the direction you're running. In all of the so-called crisis times we have experienced, we have found it is much more effective to create than to just to let it happen. An example from "our world": Most of our competitors are invisible in these times. Invisible to their clients and invisible as a brand in public. Being invisible means no technical and sales support, no brand building etc.

But all this is important to create sustainable business for all involved parties. Especially in these times. We prefer the opposite way. This is exactly the time to support all clients. We are doing this by providing online product and sales training, offering sales promotions and promoting the brand to the buying public. If nobody else is doing it, this tactic is much more effective. ▶



A LIQUI MOLY production line. The company has more than 4,000 products.

AI: What can be done to help push the message you are advocating – that slashing costs will cut future prospects?

Prost: Public healthcare in many countries unfortunately delivers the best example. The most needed service and the most needed people don't play the role they should play everywhere. Health care is the last field where you should be slashing costs. This has been shown very clear in the last weeks. Not enough staff, breathing machines, hospital capacity, protecting clothing etc. I'm not talking about poor developing countries. I'm talking about countries like the US, Russia and parts of Europe.

Similarly, companies need to ensure that they do not sacrifice their life support when they decide to reduce costs.

AI: What price is business paying for the lack of investment in public welfare?

Baumann: I would prefer to ask what influence businesses or business leaders have. All state investments are financed more or less by taxes. Taxes are paid by companies and by the people. At least in democratic countries people have the choice to elect the government and this has direct influence on what happens

with tax money. If you elect a party which is not interested in strengthening the health care system or public welfare, you have to live with the consequences.

Prost: It is not money that counts. It's jobs. We have a plan, a recipe how to keep 1,000 people motivated and to prefer to be working rather than sitting at home despite the virus! At LIQUI MOLY we have assured our employees that there will be no short-time work, no redundancies, and no losses. We can do this because we are a strong team. Everyone is playing their part, including me.

As promised, I have waived my salary. The result can be seen in our people at work, in the factory, the logistics department and in administration. They are working responsibly and with diligence – just like nurses, carers and doctors who are tending to the sick. So, we have 1,000 proud employee who demonstrate to the outside world how their company treats workers and employees in a crisis, to customers, neighbors, friends and of course to the press.

That's why our company is up and running. Now a number of companies announced short-time work or laid off staff, even though they are sitting on bulging coffers. Who filled those bags of money for them? The very people they abandon now.

Unfortunately, many companies are behaving unethically like this right now, forgetting the millions and billions in profits over the last years. Two months of headwind – just two months and everyone is screaming for the government to help and "man overboard" – not as a cry for help, but as an order!

We are not doing this! We take responsibility for our company, employees, customers, society and for the countries in which we operate. We all still remember the financial crisis of 2008 and 2009 very well. There we set the same example and practiced what we preached. Others cut salaries, dismissed staff and introduced short-time work in order to stabilize profits at great cost to society and their employees. That's stupid!

We came out of the previous crisis much stronger, and we are doing it this time again. We know what we are doing and we know that it is not only right, but also the only decent way to deal with our own this way!

AI: Is the strategy any different to your response to the crash of 2008-09?

Prost: It's the same strategy. Now it's time to show again what separates LIQUI MOLY from our competitors. This includes personal service, support and promotional activities in a bigger dimension than before. Now it's time to spend money in brand, product and sales promotion. We are not only passengers. We take the steering wheel in our hands. We have always built up reserves to be prepared for such circumstances.

EMPLOYEES ON BOARD

AI: How has LIQUI MOLY's caring attitude to its employees and partners impacted others?

Zelger: We as a company have received tremendous positive feedback for our attitude. People in these times crave positive news, and we can hopefully contribute at least a tiny bit to that. By not consuming government funds (in other words, taxpayer's money), but instead donating millions of euros in product for first medical responders are just two of many examples of what people actually want to learn about these days.

I am certain that this positive attitude will actually benefit our LIQUI MOLY family long-term, as repair shops and end consumers can see that with LIQUI MOLY they have a strong partner whose "heart is in the right place".



Part of the LIQUI MOLY additive range.

FORMULA FOR SUCCESS

AI: Can others follow your success formula?

Baumann: Yes, but having a recipe does not necessarily guarantee you an excellent meal. You also need quality ingredients and the right chef. Maybe this sounds a bit arrogant, but we don't look too much on others. We have found our way, which works for us and our partners. This path has brought success in the past and this will lead us into a promising future. We're working in 140 countries. In some of them we're still in the start-up phase. There's a lot to do in order to develop the potential of the markets.

Prost: The main ingredients are taking responsibility, making decisions, following through – as a team. Basically, we have always worked this way. But this situation has drastically increased the speed and decisiveness at which we need to act, and therefore shortened the reaction times considerably. It's not the big guys who eat the little ones, but the fast ones who eat the slow ones.

Don't get me wrong. The economic crisis is bad and the virus is catastrophic. There is nothing I can do about it at a macro level. But, within my company I can do my best to do what needs to be done. Some people call me "Kriebek" – short for "crisis fighter" I like it, I've heard "Optimist Prime", too. Yes, I am optimistic and believe in the good, the positive, the constructive and the beautiful. I don't want to join the ranks of the prophets of doom and I don't want to join in the lamentations that are now being heard everywhere.

I am in my element. We move things. We design. We perform. We are needed. We create value and we create benefits. We are at our best. That is an incredibly good feeling. I am grateful for that. We have to accept the things we cannot change, but the things that we can change we have to tackle with all our strength.

It's a beautiful task in the midst of this health and economic crisis that has hit our entire world.

Overcoming crises means first of all a lot of work and not a lot of whining. Incidentally, the same applies to success. I take great pleasure and have a lot of fun in our work together, the thinking and doing the designing and implementing. You can only become a lighthouse through enthusiasm and verve. We are a lighthouse in our industry and perhaps even for the entire German economy. This light will be shining brightly over the next few months, which will be a very intensive time of creativity and time for introducing the new.

AI: How do you think a 'boss' should behave – in and out of crises?

Prost: Yes, there is one guy at the front end, making final decisions and sometimes taking personal risk, but in the end also the boss is part of the team. The strength of a successful company is not only the boss or the team captain, it's always the team itself. It's helpful to keep this in mind and let the team know that you recognize the company is on as strong as its teamwork.

AI: How would you describe the leadership at LIQUI MOLY and how has it inspired you?

Zelger: I am very grateful to have experienced this type of leadership. Mr Prost is giving us the direction from "above", and we are inspired by his attitude. You might even want to call it lifestyle, which extends into the LIQUI MOLY US subsidiary with all its 30+ employees.

I would even go as far to say that for our part here in the United States/ Canada, it isn't necessary for him to be as hands-on any more, because you actually only need to give direction to someone who doesn't know the way. Our "GPS" here is working well after five years of intensive training. My team and I are all heading the right way. **AI**

We exploit the opportunities that every crisis offers by taking a counter-cyclical approach. We are investing in markets, people and our brand right now."