

Iñaki Gabilondo

General Manager of the ULMA Group

Iñaki Gabilondo Celebrates 8 Years as General Manager of the ULMA Group

We've been wanting to spend some time with him to take stock of his tenure and find out about the challenges the ULMA Group is facing now and in the future.



The fundamental abilities for dealing with the situation have been reacting quickly, articulating decisive responses and understanding that the only way out was going through it together.

« After 8 years as the General Manager, what's your analysis of that time? What issues would you highlight as being the most significant?

They've been and continue to be difficult times for the businesses. First off when the crisis broke out that was so brutal because of its depth and international scope. Since then there have been other, more local, crises that have been emerging almost continuously and that's created a sense of uncertainty and instability that's become part of our day to day activities.

From the beginning, the situation coming just around the corner was very clear. I'd point out a few things that have been key to being able to handle the situation.

- **Fast reactions** by both the various entities and the collectives.
- Instead of compromising, **a clear and decisive response was articulated.**
- Understanding that the only way out was **to go through it together.**

Some examples of that are:

- Changes in structure, emphasis, etc.
- Bank refinancing and joint management of all commitments
- Joint handling of staff surpluses
- Modifying standards (POGU, Statutes, RIC, etc.) to adapt ourselves to the situation.

But also, it's been a time to look towards the future and as far as that goes, I'd highlight:

- The strong commitment on behalf of the companies to value activities, (investing in new lines of business or in strengthening lines with the best outlook) and investing in geographic areas with growth.
- Transforming business models
- The organisational structuring of the Group's businesses with:
 - The division processes that took place at ULMA CyE with the creation of ULMA Packaging and ULMA Manutención when ULMA Servicios de Manutención (Carretilas) split.
 - And the merger processes of Precinox, ULMA Servicios Logísticos (USL) and lastly of Inoxtruck.
- Creating ULMA Inversiones.
- Promoting new activities by forming 2 new cooperatives.

The double ended task of resisting and making commitments has, in a short period of time, taken us to a point where we've been able to change the configuration of the group. We no longer depend as much on the domestic market and we have several businesses with significant contributions.

« From the outside you see a solid ULMA Group that's

even stronger after the tough years of crisis we've gone through. In Iñaki Gabilondo's opinion, what's the ULMA Group's real situation as of today?

I believe essentially the Group as such, and the businesses in particular, have come out stronger and are in a better condition to meet market demands. Without a doubt.

The businesses have made clear commitments to be more and more competitive and they've made a lot of decisions where:

- Higher added value products and services have been prioritised.
- Investments have been made in innovation and productivity.
- Investments in foreign markets. Along these lines, the work done during the early years of the 2000's has been essential. It helped us a lot.
- Asset restructuring and debt reduction. During this period, we've cut the debt we had in 2009 in half.

All of those things mean that today:

- We have several businesses in leading positions, or very close to it.
- We've gone back to pre-crisis levels of business
- We're creating jobs at a significant rate and practically all the businesses are recovering Conversion Factor levels, etc.

At the ULMA Group itself, the joint project has also come out stronger. It's been shown that:

- Mutual support has been fundamental for all the Businesses to have enough time to take the necessary measures to deal with the situation.
- Diversifying businesses has helped a lot, because sometimes certain businesses have been able to cover needs for others and, at the same time, the ones who were helped were the ones who provided help in return. The combination of sales and results for businesses in 2016 is miles from the 2008 data.
- We've been more aware of the need to support each other and for that reason special assistance for resolving social problems and developing transformation projects has been set up.
- Levels of Inter-cooperation between businesses has grown and that's been reflected by growth in their production.

I'd say the ULMA Group has always been perceived as professional and rigorous and that's been reinforced by the way we've handled the last few years.

And that's been acknowledged in financial, institutional and cooperative contexts and our immediate surroundings.



It's true that the situation is still complicated, and because of that we mustn't relax or think we've already got done what we needed to. I wouldn't say the worst is over, rather that now we're more prepared.

“ We know that the situation is still complicated and we shouldn't let our guard down. But, assuming the worst is over, what are some challenges the ULMA Group faces in the next few years?

It's true that the situation is still complicated, and because of that we mustn't relax or think we've already done what we needed to. I wouldn't say the worst is over, rather that now we're more prepared. It's not a matter of thinking we've weathered the storm and we can now take it easy for a few years. Every month, things happen that might seriously effect our businesses.

The ULMA Group has always been ambitious and we've never stopped. The challenge is to keep growing in a sustainable way and strive for all our businesses to have leading positions in the markets where they're present. To achieve that, we've got to grow. But growth has to come with profitability. What do we need to achieve that?

- We need to be very agile in decision making to make the right changes quickly and have products/services that stand out and are valued by customers and not compete solely on price.
- We need to be attractive to draw talent and retain it. As of today, we're already having problems and it looks like the situation is going to get worse in the near future. We have to work hard to so that ULMA is seen as a top choice for people who want to develop their career.
- We need to strengthen our outcomes to make sure we can take on the projects we're interested in.

“ Social commitment, individual effort and austerity have been the three fundamental pillars we've based our exit from the crisis on. Are they still valid for taking on this new phase for the ULMA Group?

Individual effort, putting the common good above personal interests and managing resources responsibly are key elements in managing the cooperative for both the situation we experienced and to face the future we've got before us.

I'd add a few other things I think complement them in an important way, which are:

- Solidarity in being demanding that in the ULMA Group is understood as "help us help yourself".
- The participation of everybody; working together.
- Cooperation and inter-cooperation between businesses.
- Innovation and a firm commitment to competitiveness.

“ The POGU, with its evolution and adaptations, is still our member business reference par excellence. Does Iñaki Gabilondo think it still has the same spirit it had when it was created in the 90's?

The POGU is first and foremost the reference that creating an "organisational project" is based in, and it transcends the personal visions of the businesses and cooperative that make it up and aims to deal with a "common project" that represents the ULMA Group and is supported by the desire to unite purposes and renew our commitment to keep sharing the future we have in common. That commitment is more relevant than ever and it's been proven to be so in the last few years. Obviously, the ULMA Group has grown, in terms of both age and volume, and we've been adapting.

It was December, 93 when the first document was approved and, in those days, the ULMA Group was billing a little more than 75 million euros, was made up of 3 cooperatives (4 businesses) and there were around 950 workers. There were almost no subsidiaries and we decided not to enter MCC. Nowadays, we're talking about 8 base businesses plus 1 being promoted with 725 million in sales forecasts, almost 4500 people and more than 60 subsidiaries spread all over the world. We're also in MONDRAGON and 25 years have gone by since then in which we've accumulated a lot of experiences together.

Not many people who were here in December, 93 are still around and, nevertheless, the POGU has developed into something very much our own. The ULMA PROJECT is more solid, it's been growing and getting stronger and it has very high recognition internally and in our surroundings.

“ To wrap up, the assemblies in our cooperatives for this year have just ended. What does the General Manager think?

There were a lot of positive things in the assemblies this year and I'd highlight:

- Firstly, the attendance
- The climate of respect throughout the event
- The great support for modifying the collective incentive regulations even when it could make individual conditions worse. Giving fairer treatment to businesses won out over personal interests.

However, not everybody is completely satisfied. I think all the proposals brought up by the Governing Councils were prudent and



appropriate, but a few of them weren't seconded by the company assembly. We're a democratic organisation and we have to accept the results of the vote, but I would've liked to hear the arguments where they thought voting no was the best for the cooperative. It's not the first assembly or the first Business where this has happened and we should bear that in mind for the future.

“ Lastly, what message would the General Manager of ULMA send to all the members and workers of the ULMA Group?

In the last few years, I've been able to learn more first hand about the businesses, their history, what they do, their people, etc. and I've got to say that we've got a wonderful Group. Every business, large or small, has its appeal and the passion showed by its collective makes you feel proud to belong to this group. We should reinforce positive things and work more on a culture of celebration and recognition. This doesn't mean things that don't work shouldn't be changed, but it should be done with respect and the conviction that we're all working towards the same goal. We should take risks and not leave for tomorrow what needs to be done today.

We trust our history, our values and the way we do things at the ULMA Group and we don't copy formulas and cultures that have done a lot of damage in other places.

We have people who've shown their worth and commitment to the business. This includes management, in their responsibility to steer the ship and hold the rudder during the storm, Presidents and Governing Council members who've shown that they've been able to rise to the occasion by knowing how to make hard, complicated decisions and the collectives who've been capable of understanding these are exceptional times that require exceptional solutions.

I have the utmost respect for all of you and my thanks goes out for making me feel proud of representing and defending ULMA at the

events where I've had the opportunity to do so.

The future, like the present, is and will be tough, but if we stay the course we've set and remain loyal to our essence, working together, we'll be able to get stronger every day.



It's true that the situation is still complicated, and because of that we mustn't relax or think we've already got done what we needed to. I wouldn't say the worst is over, rather that now we're more prepared.