

Press release

## Industry Innovation Index

### Innovative Strength: German Industry Falls Short of its Potential

- **Just four percent of managers rate their company as very innovative**
- **Important measures designed to drive innovation often not implemented**

**Wesel, March 4, 2014** – Industrial companies are regarded as exceptionally innovative – particularly German ones. However, a current study by specialty chemicals company ALTANA indicates that many managers of industry in Germany believe there is a need for action in their own companies. One reason for this is that the companies are lacking a culture of innovation. Young industry professionals are also concerned, because they are often working in environments that do not allow them to realize their full innovative potential. These are the results of a new industry innovation index for which the ALTANA Group commissioned the Forsa Institute to survey 250 senior managers and 250 young professionals in industrial companies across a range of sectors in Germany.

Around 90 percent of industry managers in Germany believe that the innovative strength of an industrial company greatly influences its economic success. However, when asked about their own companies, managers are beset by doubts. Overall, the industrial sector rates its innovative strength as good, with the ALTANA study revealing an innovation index value of 142 (any value over 100 is positive). But just two out of five managers rate their own company in the top third on a scale of 1 to 10. And just four percent award their company top marks.

“The results are surprising – German industry has plenty of room for improvement when it comes to innovative strength. In Germany in particular, we must ask ourselves how we can make better use of the potential on offer,” says Dr. Matthias L. Wolfgruber, Chief Executive Officer of the ALTANA Group.

#### **Corporate culture not always innovation-friendly**

It is very important for companies to have a culture in which innovation can thrive. “The innovative strength of a company is not solely dependent on its research and development budget,” says Dr. Georg F. L. Wießmeier, Chief Technology Officer at ALTANA. “Instead, it is the combination of many important innovation-friendly structures, values and practices that must be rooted firmly in the company.”

For example, it is important for an innovation-friendly working environment for supervisors to react positively to unusual suggestions. Breaking new ground and thinking outside the box are key to developing innovations. And yet the study shows that two-thirds of companies do not always respond favorably to ideas that deviate from the norm. According to the young professionals surveyed, only 15 percent of companies actively promote unconventional thinking and actions. And this result is confirmed by managers, with just twelve percent acknowledging widespread acceptance for employees who want to break new ground at their

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company. Even tools thought to be standard for driving innovation, such as a company suggestion scheme, are fully established in less than a quarter of companies.

### Managers understand the problems – but lack courage to make changes

As the ALTANA study shows, managers are well aware that they are not setting the best example. Only 17 percent claim to personally make an optimal contribution to help drive innovation. And yet these decision-makers are aware of the positive effects of strong innovative strength. Of those surveyed, 41 percent believe a very high level of innovation is needed to gain a competitive edge.

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### Background to the “Industry innovation index” study

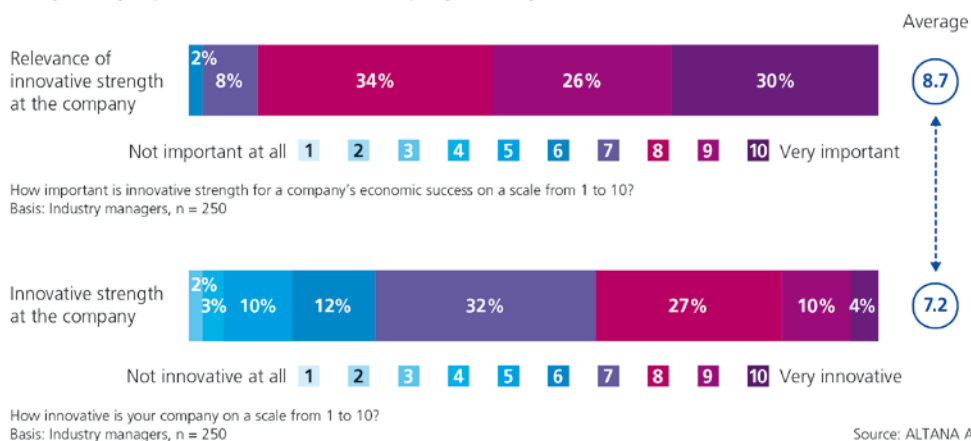
The “Industry innovation index” study shows where German industrial companies stand with regard to innovative strength and a culture of innovation. In November and December 2013, market research institute Forsa was commissioned by the ALTANA Group to conduct 500 telephone interviews with representatives from industrial companies with over 250 employees. A total of 250 board members, managing directors and senior managers were interviewed. Forsa also quizzed 250 young professionals aged between 18 and 35 with between two and five years professional experience at industrial companies.

The industry innovation index developed as part of this study depicts the relationship between companies that are perceived as being innovative and those that are not. An index value higher than 100 indicates that the innovative strength of the sector of industry is perceived positively.

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### Industry Innovation Index 2014

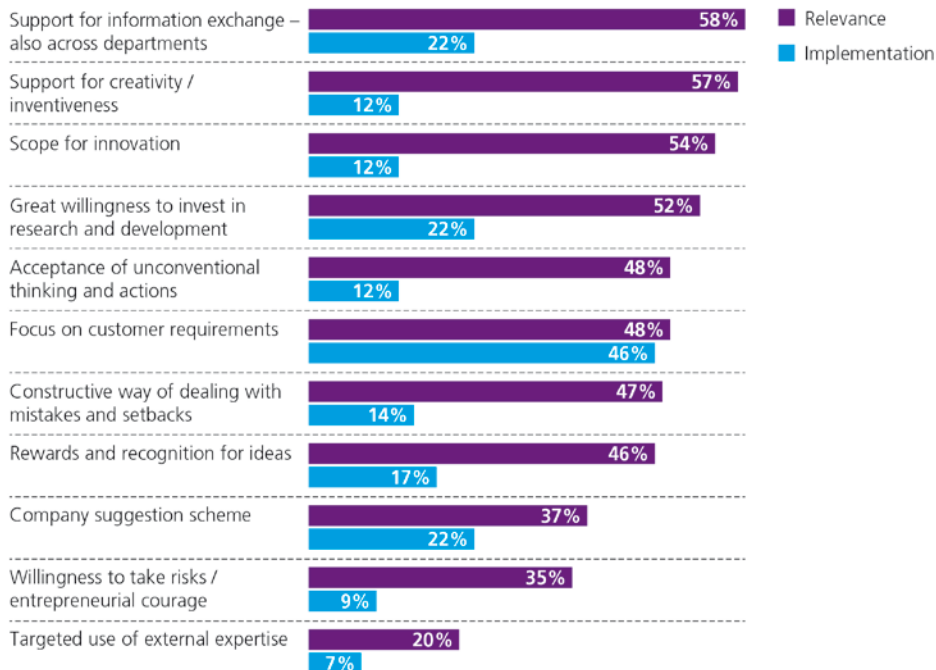
30 percent of industry managers rate innovative strength as “very important” – and yet only 4 percent describe their company as “very innovative”.



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### Industry Innovation Index 2014

Managers associate many key aspects with a “culture of innovation” – but, with the exception of focusing on customer requirements, these aspects are insufficiently implemented in their companies.



**Question:** To what extent do the following aspects correspond with your understanding of a “culture of innovation”? Shown “Very closely”

**Question:** How strongly are the following measures for a “culture of innovation” implemented in your company? Shown “Very strongly”

Basis: Industry managers, n = 250

Source: ALTANA AG

The graphs above can be found in color and black/white in printing quality [here](#).

This press release and printable graphs are also available on [www.altana.com/press](http://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 85% 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 46 production facilities and more than 50 service and research laboratories worldwide. Throughout the Group about 5,700 people work to ensure the success of ALTANA worldwide. In 2012, ALTANA achieved sales of more than 1.7 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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