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Application for the

2005 International Spirit at Work Award

by *Elcoteq Communications Technology GmbH, Offenburg,*

A success story about applying spiritual principles in a factory turn-around, creating a prospering workplace to the benefits of shareholders, customers and employees.



Offenburg, 4th April, 2005

Rüdiger Fox

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Basic Data

Company: Elcoteq Communications Technology GmbH (100% daughter of Elcoteq Network)
 Founded: 1963 – acquired by Elcoteq on Nov 1st, 2003
 Employees: grew in 2004 from 330 to 380+
 Business: Founded in 1984 in Lohja (Finland), Elcoteq Network is today the worlds leading EMS (Electronic Manufacturing Service) provider in Communications Technology and the largest EMS in Europe (#7 on a global scale). Operating in 13 Countries on four continents, it is employing about 19.500 employees which generate an annual turnover of approximately 3 Billion Euro (2004) with the manufacturing of electronic systems for the Communication Industry.
 Elcoteq Communications Technology GmbH is focusing on the manufacturing and servicing of high complex Wireless Broadband Access Networks for various global Telecom customers.
 Location: Offenburg, Germany
 Website: www.elcoteq.com

2) Contact Information

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3) Brief Description of Elcoteq Communications Technology GmbH

On November 1st, 2003 the finish Group Elcoteq Network Corporation acquired the applying factory in Offenburg with about 330 employees after a detailed Due Diligence.

Previously, the plant which was founded in 1963 has been owned by various major telecom companies (incl. ANT, Bosch, Marconi) and went through major restructuring and downsizing during the preceding years as a direct consequence of the collapsing telecom market (see Attachment 6.a).

This takeover was totally against the overall industrial trend. Typically all recent acquisitions in the EMS industry aimed to transfer all electronic manufacturing to 'low labour' countries while downsizing and/or closing operations in any 'high labour' countries. Such has happened to three former sister companies of the applicant which were sold a few years ago and are closed by now.

Consequentially, the corporate requirements were high for a rapid turn-around under harsh competitive pressure with the aim not only to turn the factory – which prior take-over was loss making and running in short-work – into profitability, but also to decrease the prices by over 20% for the existing customers within the first three years.

It was the deep conviction of one leading member of the Due Diligence team, Mr. Rüdiger Fox, that the combination of a well educated workforce with the application of spiritual principles at the work place could make the impossible happen and he happily accepted the challenge to lead the acquired company as Managing Director.

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a) Vision and mission, philosophy and core values

When defining the new Vision and Mission of Elcoteq Communications Technology GmbH in end 2003 (see details in Attachment 6.c) right after the acquisition, beside SWOT analysis and Market review special attention was given to two main stakeholders: The customers and the employees.

In order to introduce one of the new core values right from the beginning, the Vision was defined out of the customers eyes which intended to implement a new general attitude between individuals, internally as well as externally: **change our perception from self-focused to 'other-focused'**. This means that in any action we try first to see situations from the other's eyes, an extreme valuable approach to minimize potential misunderstanding or disputes.

On the other side we put the employee in the foreground in the deep conviction that most of the success of a company originates in **empowered and passionate employees**, all in the framework of **ethical conduct of business**: "We conduct our business with highest integrity and we create a boundary less environment in which our Employees can fully explore the passion for their work."

Additionally, all main principles, values and the general Management philosophy were mutually agreed and laid down in a General Management Handbook and countersigned by the whole Management team:

"1. Management Policy

The aim of the General Management of Elcoteq Communications Technology GmbH is to reach the highest achievable level of Stakeholders' expectations. This comprises as a main target ELCOTEQ's overall financial and strategic targets as well as to support the respective Business and Geographical Area strategies, but it **also includes the employee's satisfaction as well as the environmental and community interests**. In this acting, we **adhere to worldwide-accepted general standards of ethical behavior in the context of "Corporate Citizenship"** and aim to secure the long-term future of the plant. In this context also stands **our commitment to the SA8000 Standard** (Social Accountability) with it's rules concerning child labour, forced labour, and other important topics. (...)

The management philosophy of Elcoteq Communications Technology GmbH is based on the **image of responsibly acting employees** who aim to secure the company's future through their best individual contribution. Therefore the focus of management is on giving direction, accelerating change and defining limits of action. Control is used only to the extent to follow-up top-level development and speed of change or to identify specific actions out of Pareto-Analysis', not to double-check individual activities. **Empowerment of employees in conjunction with cross-functional processes and high transparency** are the main management tools used based on this assumption, comprising e.g. MbO, Balanced Scorecard and Departmental Cockpits. (...)

"3.4 Codices & Rules – Limits

In order to avoid that Direction and Speed lead to undesired activities or unethical behavior, any company activity is – in addition the ELCOTEQ's overall Ethical principles - subject to the following Codices and Rules which cannot be compromised in any way.

3.4.1 Ethical Codex

Elcoteq Communications Technology GmbH Ethical Codex

Any of our acting is governed and led by the following ethical principles which we consider a priori:

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- **Trustworthiness** – *We earn and deserve trust of our counterparts as key element of any of our acting.*
- **Unity** – *We understand that the success of our company can only be achieved through joint action of all employees.*
- **Respect and dignity** – *We respect any of our counterparts, including Employees, Customers, Suppliers, Partners, etc. and treat them with dignity.*
- **Justice and fairness** – *Despite our goals, our "license to operate" is the just and fair way to conduct business with all stakeholders or parties affected by the conduct of business*
- **Service and humility** – *Our main understanding of Management as well as working is internal and external customer and service orientation and requires humility in our self-perception.*
- **Stewardship** – *Our "modus operandi" is the willingness of each individual to be accountable for the well-being of the company by operating in service, rather than control, of those around us. "*

Further on, the handbook was completed by detailed policies regarding Health, Security, Environmental Safety, Corporate Responsibility, etc.

b) "Spirituality" and their "vertical" and "horizontal" dimensions

Elcoteq Communications Technology GmbH defines "Spirituality" as transcendent to economic business practice. In this way, policies as well as actions especially from management try to balance the requirements of sheer business economics with spiritual business values. In the discussions, reference to spiritual principles is also explicitly outspoken where appropriate – in the German literal translation as "geistige Prinzipien" requiring wisdom to accustom an organisation to such unusual language in the business environment. ***This process got an additional strong boost through the open discussion and full management commitment for the ISAWA application.***

The inspiration for it's "vertical" dimension are taken out of various sources such as individual religions or philosophical thinkers. While the origin is left to the individual, it is regularly supported by the individual activities described later on, leading each individual to the use of its spirituality far beyond the daily interaction at work.

The "horizontal" dimension basically originates from a common understanding that the god-given deeds and capabilities of each individual are direct linked with the responsibility to utilize them to the prosperity not only of himself, but to all colleagues, partners as well as the society as a whole. Such common understanding is defined as 'a priori' in order to give this dimension a broad basis in it's maximum diversity.

c) Handling of diversity of religions

The general handling of religious as well as all other individual differences is regulated in the Elcoteq Corporate Responsibility Policy, which forms also part of the local policies:

"Employees rights

Discrimination

Elcoteq does not engage in or support discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age. Elcoteq does not allow abusive, harassing or offensive behaviour. This includes gestures, language and physical contact, that is sexually coercive, threatening, abusive or exploitative."

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It is the aim of the company and its management not to push any specific religion but to nourish the free development of the vertical dimension of each individual's spirituality. This follows the general idea that all the great religions of the world are divine in origin, that their basic principles are in complete harmony, that their aims and purposes are one and the same, that their teachings are but facets of one truth, and that they differ only in the nonessential aspects of their doctrines.

Therefore advertisement of any specific religion is not accepted, while any general action to increase spirituality at the workplace is not only permitted, but highly supported by the policies and actions. In order to stimulate such development, a 2005 calendar was brought-out and handed over to all employees, containing reflections from all kind of religious and philosophical background to stimulate such spiritual diversity – a tradition which is intended to be kept for future years, combined with increasing use of 'spiritual language'.

4) Policies, Programs and Practices explicitly promoting or enabling spirituality at work

While on one side the key spiritual principles are explicitly embodied within the Management Policy (Motivations), Codices & Rules (Limits), and Ethical Codex (Guidance), the main principle of management at Elcoteq Communications Technology GmbH is to "walk the talk". Therefore, focus in all activities is put on the application of those spiritual principles in the daily interaction of the human beings within the company and beyond its borders and to implement such practices in a sustainable manner into policies, programs and practices.

a) The effect of policies, programs, or practices on stakeholder community

The policies, programs and practices introduced since November 2003 had initiated and anchored a major cultural shift to a totally new interaction with a dramatic effect on all stakeholders.

▪ Trustworthiness – The 360° Feedback process

Key new requirement of a manager in Elcoteq Communications Technology GmbH is the ability to accept open feedback and the especially the readiness to learn from fair and open feedback.

Therefore, a full 360° Feedback process was undertaken by which all managers received – in addition to their self-perception – open feedback on a set of over 60 criteria from their bosses, their colleagues and their direct reports. This feedback, once compiled in an anonymous way, was openly discussed in a workshop within the management team as well as fully transparently reviewed by each manager with all direct reports in order to discuss the conclusions and consequences.

This level of openness with criticism is one of the leading principles in the management behaviour. It requires personal strength, but also trust in the colleagues as well as the employees to use criticism only in a constructive way and has led to a complete new interaction between hierarchies.

▪ Respect - The 'Suggestion of the month'

One of the main targets of the new spiritual management style was to give back to employees one of the most valuable returns of their work – pride. It is our view that while salaries need to be fair and just, they can never compensate losses in self-esteem from missing appreciation and respect.

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As part of the improvement program, a suggestion process was re-activated. It was linked to a bonus, which could reach (dependant of the relationship between the suggestion and the job) up to 50% of the savings of the first year after implementation.

In order to demonstrate the respect towards the innovative employees, the management team starts each monthly meeting with a walk-down to production to get a demonstration of the 'Suggestion of the month' on the spot by the employee himself at his workplace. Selection criteria are not necessary the biggest saving, but also the creativity as well as the uniqueness of the idea. Additionally such suggestion – combined with the picture of the employee(s) at its origin – is framed and mounted at the workplace, resulting in a growing number of framed summaries of each of those ideas.

This resulted not only in a dramatic rise in suggestions, but visibly demonstrates to all visitors our respect in front of the employees' creativity everywhere in the factory and nourishes their pride on their achievements.

▪ **Justice – The new salary models and Boni**

As with many factories with a long tradition, salaries tend to become unbalanced and over time not any more fully related to a 'just' remuneration depending on capabilities and performance. Therefore with the agreement of the works council it was decided to replace the existing 'grown' salary structure step by step into a transparent and fair salary system.

As a first step, a 3% bonus system was introduced which relates the performance of each employee through a Balanced Scorecard and MbO process to the overall strategy and vision by giving individual but aligned targets. This allows now every employee to see his personal contribution and to participate in the success.

As a 2nd step, a traditional 'frozen' premium salary system was revitalized and forms now a transparent team-related performance element of up to 20% of a workers salary. In order to have full visibility of the progress, touch-screens were installed on the shopfloor which permanently show the productivity, rationalization progress, quality and stock turn.

As a final step, a 2 year program was launched which aims to classify within one year each specific task within the company, relate it to a certain comparable salary level and align (or promote) the respective employees. A 20% - 30% performance element will be added in order to reflect individual specific performance in comparable positions. A pilot department was already identified and the project launched.

As part of this new system, everybody agreed to an immediate 10% raise in efficiency as baseline target (as an economic requirement as well as common goal) and a further year-on-year improvement target of 6% was commonly accepted ... and achieved ! Due to the outstanding 2004 results, the Bonus baseline was increased by +1% annual salary for that year in order to share the resulting benefits with the employees.

▪ **Service and Humility - The Christmas Dinner**

In order to rapidly change both, the historic behaviour of directive management as well as the perception of management by the employees, the management team decided to demonstrate the new paradigm of "Service and Humility" (see Ethical Codex) only weeks after the acquisition. A Christmas dinner was organized for all employees in December 2003 in order "to escape for a few hours for some meditation beyond the hectic of the daily worklife".

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In the opening, the Managing Director explained to everybody that the Management considers from now on having its main role in serving the employees ... and in order to express this during the whole evening a five courses dinner was personally served by the members of the management team to all employees, also including the clean-away of the dirty dishes.

Due to the outstanding feedback to this demonstration, the tradition was kept ever since: Once a year, the management serves the employees.

"Dear Mr. Fox,

I would like to thank you very much for your invitation for the Christmas dinner. With your "Service" you have given a strong positive signal which gives me hope for a better future. ...

I wish you a merry Christmas and a successful new year."

Gerhard Fink (worker in repair department), December 15th, 2003 (translation from email)

▪ **Family unity - The Family Day**

Work life today requires strong commitment of employees, flexibility, a lot of energy and some times sacrifice. Those suffering most of the time are the families, especially the children. For them it is hard to understand what is keeping away Mummy or Daddy from them during most of the day. It is our understanding that our corporate responsibility extends to the impact on family life and our caring need to expand to protect family as the smallest cell in society.

Therefore in 2004, the company started to open the summer vacation period with a 'Family Day'. Main target was to offer to the employees the opportunity to show their daily workplace to their closest family in order to help the mutual understanding and also to share the pride of the achievements.

Free food plus various entertainment for the children was organized ... another event which now became an institutionalized yearly happening (for 2005, free entry for all employees plus families into Europe's biggest fun-park close-by is in planning – equivalent to about 1000 visitors).

▪ **Education of the next Generation - The Apprenticeship and Trainee program**

To us it is important not only to care about our generations' success, but also to prepare our children's generation for their future. Therefore education of those who will handle our future is one of the key targets of the Elcoteq Communications Technology GmbH apprenticeship and trainee program. The company employs every year up to 10 young people to give them a three year technical or commercial education, resulting in a share of about 8% of the total workforce (high above German average)

Additionally, it subsidizes high performing students independent of gender, race, religion and family background in the near-by university through a company financed traineeship.

Besides the pure education, these programs give the young people also deep insights into the spiritual elements of business with which we try to comply and consequentially contribute to forming those who will shape our business world in the future.

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b) The effect of policies, programs, or practices on the plants business success

Of course, spirituality at work can only have a sustaining impact if it the company also has economic success. Still it is our strong believe that sustaining economic success can only achieved in a spiritually inspired work-place.

Economically, 2004 exceeded by far any expectations of the shareholders as well as the customers.

The situation at take-over in November 2003 was a loss-making factory, working with 330 employees largely in short-work conditions.

By end 2004, the situation couldn't be more different:

- ✓ **The turn-around happened in an incredible short time, including IT-Systems, Corporate Identity, a complete factory layout and production process change, etc ... and was absorbed by the employees on top of their daily jobs.**
- ✓ **Due to a new general service attitude to the biggest customer and outstanding extra efforts for special deliveries plus the winning of two new customers within the first year, turnover exceeded by 25% the budget while the profit achieved double value from what was the corporate expectation.**
- ✓ **Efficiency of the workforce increased by over 20% within 15 months ... while the number of employees rose from 330 to over 380 (with more to come in 2005)**
- ✓ **Last but not least, in order to further support the customer in his business, prices were decreased by over 20% to the customer after only 15 months (instead of contractually three years).**

It is common understanding by the management, the employees and all stakeholders that such result was only achieved by a joint effort of a united management and workforce, supported by spiritual principles for action as guideline. But the most important result from 2004 was the feed-back from the employees after all that work:

- ✓ **“Overall, the employee satisfaction level at Elcoteq Communications Technology GmbH is significantly above the level of Elcoteq Corporation and clearly above when compared with the Global norm and Germany general norm. (...) No major areas of dissatisfaction can be identified.”** (See Attachment 6.d for details)

Corporate Image Oy utilising Corporate Image's GlobalClimate®, December 2004

▪ **Team spirit wins a new customer - The X-Ray**

In mid 2004, the factory was in the middle of the 'run' on the potential first new customer. Timing for building the prototype was extremely tight and the Managing Director pushed the team-spirit by offering to drive the result of their work personally to the customer (about 600km) if they would finish on time. In that very week, one of the key X-Ray machinery broke down and despite global search, no replacement part could be found. The proto-build was at strong risk.

Enough reason for the two machine operators not to give up. Inspired by the overall team spirit, they went back into their personal files and spend their free time in searching country wide for former colleagues from the operation training they had years ago. By phoning one after the other, they finally came up with an identical machine some 500km away in a different company, out of use. Without guidance from anyone, they negotiated the terms of purchase for the spare part, borrowed the company car and went to get it the same night – skipping the department party which was on the

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same day. During the coming week-end, they made the replacement, got the field service in on Sunday to make the final check ... and the coming week, the prototypes were delivered right on time by General Management personally. Needless to say that due to this performance, the new customer selected the factory as its new key supplier.

Most symbolic for this unity feeling was the comment of the two machine operators when they received a premium pay check for their effort: "This is really not necessary, we are just part of everybody working for the same goals, so we did what we felt we should do".

"We became one family again"

Anonymous comment in Employee Satisfaction review November 2004

▪ **Self-motivation halving set-up times - The Pit-Stop project**

One of the key elements of the new management style became the image of the individual in the eyes of management. The historic top-down instruction was replaced by a strong faith into the capabilities of the employee, once fully trusted. Out of the multiple sample which could be listed, a very visible effect of this principle was the 'Pit-stop' project.

The product range of Elcoteq Communications Technology GmbH is very diverse – about 10.000 different components are build to an estimated 400 variants of sub-assemblies which are turned into about 1.500 differently configured systems delivered *every month*. As a consequence, rapid changeovers are vital to allow the flexibility which was aimed to be strongly increased during 2004.

Records showed in one of the key areas change-over times of about 40 minutes. Instead of a simple management instruction to half them close to the recognized world-class 15 Minutes, the team was asked to brain-storm about the improvement possibilities. Thinking 'out of the box' they recognized that the Formula 1 Pit-stop would be best practice. They made an in-depth comparison between both and came up with a full list of improvement steps, including dedicated and documented individual roles, training material, some spare tooling needs, etc. Without management support, these improvements were immediately implemented.

With a small budget of 3K€ and the help of the apprentice-shop, the pit-stop process was even visualized – to make it also look and feel like F1.

Within a matter of weeks, changeover times dropped and averaged below 50% from before – combined with a little dose of fun at the work-place.



▪ **Business success and employee satisfaction – no oxymoron**

Probably the best reflection of the feedback from the employees is the outcome of the Employee Survey. Once a year, Elcoteq Networks undertakes a worldwide personnel survey in all their factories, conducted by Corporate Image Oy. The survey is carried out by utilising Corporate Image's GlobalClimate® - concept which consisted of 80 standardized items, 13 tailored items and three open-ended questions. The target group of the study in 2004 was the personnel of Elcoteq in 10 countries.

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The purpose of this study is to examine the organizational climate. Moreover, a purpose is to give the personnel an opportunity to express their views and recommendations for actions regarding their work and workplace.

10 months after take-over and after most of the new practices, but also challenges, were already tangible, the feed-back of the employees was overwhelming (see details in Attachment 6.d):

- ✓ In all ten main areas of the survey, the results were strongly above Elcoteq average
- ✓ In all ten main areas of the survey, the results were above the German general norm (2004), in seven of them "highly significant" (99%)
- ✓ In all 8 sub-questions for "Image of the employer" as well as "Job motivation", the company ranks "highly significant" (99%) above the German general norm (2004)
- ✓ 90% feel positive or very positive about the acting to the values and the care for the employees

This can only be judged as incredible imagining that during the same period, salaries were turned up to 23% to performance relation, efficiency increased by over 20%, time-lines became fractions of what they were historically ... or just the best feedback how a combination of efficiency driven economics with spiritual business practices can work successfully hand-in-hand:

3 WHAT WOULD YOU LIKE TO EXPRESS THANKS FOR IN YOUR ORGANISATION?

Das Gefühl, sozial behandelt zu werden. (The feeling of a public spirit)

Das Gefühl wieder "eine Familie" zu sein. (The feeling to be „one family“ again.

Kundenorientierung. Offene Kommunikation. Schnelle Entscheidung. Freiheit für Entfaltung eigener Ideen.
(Customer orientation. Open communication. Fast decision process. Freedom to deploy own ideas)

Betriebsklima. Engagement der Mitarbeiter. (The overall work climate. The dedication of the employees)

▪ **New attitude leading to Growth in all areas**

The new spirit in the factory had also a strong impact on existing and new customers. Especially the dedicated service attitude – reflected e.g. in a new bonus-related measurement of "delivery accuracy to customer *wish date*" – as well as the honesty in the interaction had strongly changed the perception of the main customer. Formerly an undesired factory to be divested, today Elcoteq became one of the two strategy suppliers on corporate level with "the best cultural match" compared to competition.

Four new customers and a growing order book are probably the best demonstration of impact the new spirit had on these external stakeholders.

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c) Elcoteq Communications Technology GmbH as a model and an inspiration for others

▪ **Role model within the Elcoteq Group (shareholder)**

The outstanding turn-around of Elcoteq Communications Technology GmbH has created a lot of attention within the entire Elcoteq Group – in both the sheer economic numbers as well as the highest employee commitment in the 2004 survey. Therefore regular visits are paid where high focus is put on the spiritual element at the origin of this success.

In order to further develop this thinking process, the 2005 calendar was put in print (about 700) and equally distributed between employees, customers and top management of the Elcoteq Group – combining philosophical reflections of divers background under the heading a clear commitment to our people focus:

“People making reliable communication happen”

▪ **Leadership – Rollout of spirituality (shareholders)**

As a direct tangible outcome, the Managing Director Rüdiger Fox was asked to develop and lead the ‘Business Ethics’ section in a recently set-up Global Operations Leadership Training, a program intended to bring up the next generation of factory managers.

Additionally, the factory was asked to compile guidelines for any next factory take-over in order to document the success factors for future cases.

The best demonstration of this recognition happened in early 2005 when the Managing Director was asked to also take over the lead of a 2nd nearby corporate factory in distress.

▪ **Role model within the Community**

The turn around of the factory which is among the top 10 employers in the area has also created a lot of attention in the local community. The local as well as regional press became aware of the new spirit introduced and e.g. a full-page interview and company portrait was printed in November 2004 in the ‘Business in Baden’ (a state-wide monthly business magazine) where the special role of the new spirit and the employee focus was highlighted as the key success factor.

Also the Managing Director was asked on the invitation of the Offenburg Major to hold a speech in front off the regional Business Management Association – an event which was organized on the factories premise in order to show the details in very practical examples and to inspire.

Further presentations to other local companies were made in the scope of various industrial circles where each time high attention was paid especially to the respect and empowerment of the employees by visitors who asked for support in copying the approach.

▪ **Citizenship – Living the positive role (community).**

The general perception of a company in the community environment can today be well monitored with the help of the internet. The comparison of the Top 10 Google-hits by searching for the respective owner in the Offenburg area is documented in Attachment 6.a and 6.b: From strong

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negative press feedback, demonstrations and protest notes against restructuring plants (mainly in early 2002) to a list of local engagements beyond the business activities (in 2004ff.).

▪ **Global Corporate Citizenship – The Tsunami help project**

On top of Elcoteq Networks financial contribution to the global aid project as well as multiple individual donations, it was top management philosophy to get everybody involved in order to nourish the idea of global responsibility.

Only five days after visibility was available about the magnitude of the catastrophic consequences in Asia of the Tsunami, all customers were contacted where their products could help to re-establish communication in the areas mostly hit. It was offered to build – mainly based on voluntary work and financially supported by the company – free-of-charge replacement equipment to help building up one of the next priority in human needs right after food: communication.

Through our customer's regional representations, the according help projects were offered and initiated and are currently in review by the local government.

▪ **Role model within the Business environment**

Engaged already since almost a decade in various organisations (like EBEN, DNWE, EBBF, ...) aiming to support the development of Business Ethics, the Managing Director was asked at multiple opportunities to speak about the experiences with applying spiritual principles at the workplace.

The development of Elcoteq Communication Technology GmbH now supports these efforts with very practical examples, lately at the annual EBBF conference in DePoort, NL.

▪ **Local Corporate Citizenship – various initiatives**

- Offenburg was historically one of the key cities which were at the origin of the German democracy movement (1847/49). In order to keep up conscious memory of this valuable achievement of society, Elcoteq Communications Technology GmbH took over 'good-fatherhood' for one of the key values of this 'Badische Revolution': "**Freedom of conscious and freedom of education**" – memorized in a monument in the middle of the city
- In order to strive for ecological sustainability and due to the location in the 'Napa Valley of Germany', a 10.000 qm solar project was set-up. The company financed all pre-studies and is now collecting investors for an entire coverage of it's roof surface with solar panels.
- In order to support local education programs as well as child projects, all IT hardware replacement (about 100 PCs p.a.) are donated to local child education centres or pre-schools. The last donation was given to an orphan familiarization project.
- Year-on-year, the company Christmas tree is planted at the beginning of the new year on the premise – reminding us that it is our responsibility to recreate nature where we use it.

5) Stakeholder References

Due to the expanding globalisation and the incredible acceleration of developments, the global Business Community tends to forget the key contributor of its actions as well as its key focal point: the human being.

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Generations of philosophers as well as religious founders have formed two evolutionary streams in history which reminded us in regular intervals with different words, but based on the same vertical spirituality what human live is all about.

The turn-around story of Elcoteq Communications Technology GmbH is the living example were – against current industrial trends and out of a desperate starting position - the attempt was made to combine both, traditional spirituality with business economics in a balanced manner. The outcome is an outstanding prove of success which management and employees will continue, based on our faith that if we care about the 95% of actions that are in our influence, the missing 5% of the spiritual component will follow.

Main Customer

“Since the factory was taken over by new management, our relationship between customer and supplier can be described in three words: Trust, Service Attitude and Success. In 18 months, a highly complex new Contractual relationship was handled with the utmost fairness and honesty and crowned by a price reduction which exceeded by far any contractual obligations. The service attitude is without question and a strong basis for our own business success. Very rarely have we experienced anything alike.”

Contact: Mr. Paulus Bucher, Head of Supply Chain Operations Europe
Tel/Cellphone: +49 781 503 253 / +49 172 701 2220
Email: Paulus.Bucher@Marconi.com

Shareholder

“The Management jointly with the employees in Offenburg have successfully demonstrated how the combination of a clear business focus with spiritual principles like service attitude, honesty, passion, etc. can lead to both, economic success and high satisfaction of all workforce. This development became our global benchmark for new acquisitions and turn-around.”

Contact: Mr. Markus Folz, Manager Human Resources, Europe
Tel/Cellphone: +49 7551 8000 131 / +49 173 345 5963
Email: Marcus.Folz@elcoteq.com

Employees

“We have seen within the past 18 months a complete transformation of an entire workplace. Not only a new future was build through a strong increase in efficiency, but it was our joint effort, from the little worker to top management who build an unprecedented culture of co-operation.”

Contact: Mr. Ernst Birmele, Head of Works Council (since 1980)
Tel/Cellphone: +49 781 503 499
Email: Ernst.Birmele@elcoteq.com

“Dear Mr. Fox,

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my family and me would like to deeply thank you for all your efforts. It might not happen very often that a simple worker says 'thank you', but it was my hearts desire. You have given to me and my family with all your dedication a new future. Thank you very much for this. We wish you and your family all the best."

Bernd Frädrieh (worker in SMD department), December 23rd, 2004 (translation from email)

6) Sources of additional information (see separate Attachment)

a) Situation prior take-over under previous owner Marconi

Google on „Marconi Offenburg“ reflect the harsh and hostile climate dominating the factory prior take-over.

b) Situation post take-over under Elcoteq

Google on „Elcoteq Offenburg“ show an entirely different picture of an community-engaged corporation.

c) Mission & Vision, History

A copy of the Mission, the Vision and an Historical overview.

d) Outcome of Employee Survey

Overall, the employee satisfaction level at Elcoteq Communications Technology GmbH is significantly above the level of Elcoteq Corporation and clearly above when compared with the Global norm and Germany general norm. ... No major areas of dissatisfaction can be identified."