

DAMPA®

Acoustic Metal Ceiling Systems

Introduction

The purpose of the case about the Danish company DAMPA was to provide learning in several fields but first and foremost the focus was on growth strategies.

It was important to note that growth was not just something you as a manager or company do only once. The main parts of strategic agendas are about this issue. And it was extremely important that managers focus at this all the time and make growth a part of the company identity.

Plans or decisions around acquisitions, product development, new target groups, increase in market share etc. has to be coordinated and in line with the mission, vision and values of the company in question.

At the same time also the organizational structure and financial resources has to match or be made to match the growth intended.

A number of questions have to be answered:

- What have generated growth so far?
- Do we grow as much as we should?
- Is it possible to generate “real” growth where profitability increases?
- Has the company just increased the revenue but not the profit?
- Should the company increase the market share in a growing market?
- How to ensure that the growth does not disappear again?
- Could the company actually grow by down-sizing?
- How to ensure that selling more was not off-set by even bigger growth in costs?
- How should growth take place in the future?

This is only a number of questions that could be raised. Depending on the actual company, the situation etc. other questions or more question will come in play.

Basically the company have 3 main options when it comes to growth

1. Intensified growth
2. Integrative growth
3. Diversification growth

(Brief introduction on these growth strategies later)

The purpose of the learning module

This learning module centered around a case about the Danish company DAMPA. The case about DAMPA will demonstrate how a company in practice has done growth from the very beginning of the company until today.

Recommended use of this learning module

First step is to read the case story about DAMPA.

Second step will then be to learn about the theories in order to create a better and more professional basis for decisions regarding what growth strategies to choose in one's own company.

Third step was finally to apply the growth strategies to your own company.

As said the focus is on growth strategies but the case also can be used for more learning purposes. To mention some then there are topics like choice of target group, branding, value chain, internationalisation and competitive strategies to mention some of the other areas.

The full learning module contains 4 main parts:

1. The DAMPA case story – including a brief theoretical introduction
2. A learning module
 - Growth strategy theory – presented as a text file
 - Growth strategy theory – presented as a PowerPoint
3. A brief sample solution to the DAMPA case
4. Applying the learning to other companies

Introduction to growth strategies

Why is growth important

To most managers the question of how to create growth in the future is of the utmost importance. It is not necessarily so that a company will not exist in the future if it does not grow, but on the other hand there is a lot of truth in the saying that no growth is the same as moving backwards or a to take step in the wrong direction.

Almost all large companies have growth strategies that will meet the expectations of the management team, the shareholders, the employees and the community. But most SME's do not as such have growth strategies. Because of the smaller size the managers often do not have the resources to do this kind of work. Instead the focus is on the day to day running of the company – which of course is crucial.

Most managers try to keep an eye on the competitors on the day to day basis; how are they doing? Are they getting bigger? Are they increasing their market share?

The managers are afraid that the competitors grow while they are not able to grow their own companies.

Also in order to invest in new equipment, buildings and other facilities there will be some kind of critical minimum size in order for the investments to pay off.

So size does matter. And how to grow bigger is an important question to ask.

Before deciding on specific growth strategies the manager should make clear where he would like to aim. Just like any other type of action concerning the future the manager has to set up the objectives – where to go.

Strategies including growth strategies are then the means or the ways to achieve these future objectives.

It can be recommended to start out quite simple. Write down in a few sentences where you would like to be in 3 – 5 – 10 years.

- What kind of business?
- How much market share?
- How much revenue?
- How much profit?
- How much risk you are willing to take?
- Etc.

Then the next step is to look at how to achieve these goals. Not everything in this will be about growth, but surely growth strategies will play a role in accomplishing the objectives, but in some cases growth is the answer in order to meet the future objectives.

Main types of growth strategies

There are several ways of how to grow, several growth strategies to choose from. The most important growth strategies are:

1. Intensive growth
2. Integrative growth
3. Diversification growth

In the following these growth strategies are explained. The focus is on what is the nature of a given growth strategy and how should they be used.

It is worth to notice right from the beginning that although the various growth strategies “Intensifying”, “Integration” or “diversification” represents a distinctive road to the future then in many cases a company should take several roads at the same time.

Proactive approach

When a company pursue several growth strategies at the same time it is normally a sign of a very proactive management and a well-run company focusing at the future instead of the present or even past successes.

It should be noted that business growth is not just about getting bigger. It is also about the type of growth you are interested in pursuing. In other words you should look beyond the simple thought of just increase in size.

Mangers need to work out a clear view of what why growth is the objective. Also your personal relationships with other business people, your management and leadership capabilities, and your experience may influence your growth objective and the way to create the wanted growth.

The growth of a business and personal goals are very much integrated; this is important to realize, and it should be looked at in this perspective. Identifying the one and make decisions will definitely also define the other.

In the learning module integrated with this DAMPA case there is a more in depth explanation of the three growth strategies *Intensive growth*, *Integrative growth* and *Diversification growth*.

Executive summary

DAMPA was a Danish company in the ceiling industry. The company was founded more than 60 years ago and today DAMPA one of the most recognized suppliers of suspended metal ceiling systems

The customers are found worldwide and include the following sectors:

- **Public institutions** Schools, sports halls, theaters
- **Transportation** Airports, train stations and subways
- **Trade and Industry** Offices, banks, hotels and shopping centers
- **Health** Hospitals, laboratories and clinics
- **Marine and offshore** Cruise ships, ferries, merchant vessels & offshore platforms

The products DAMPA can supply are a wide range of both standard and special ceilings with and DAMPA can offer optimum solutions in regards to design, functionality and quality.

DAMPA started out only serving the domestic Danish market but in the years the company grew and has become very international. The main markets most of the time has been:

- Denmark and the other Scandinavian countries
- Europe; mainly Germany, Benelux, South Europe
- The Middle East
- Asia
- World wide - Marine projects

As any other company supplying to the construction industry DAMPA was very dependent on the activity in the construction industry. In years with rapid economic expansion and boom in the construction industry DAMPA has done very well. On the other hand DAMPA has had extremely difficult situations in periods of economic decline causing sometimes almost total stops in the construction industry.

Also the marine and off-shore industry is affected by market fluctuations although not as strong as the construction industry.

Being present in many markets of course DAMPA has been able to level out fluctuations – some markets being really good while others being really bad.

But anyway DAMPA has had some crisis and has been struggling for survival. For quite some years in the 1990's DAMPA had deficits. This was the main reason why DAMPA has been taken over by foreign competitors a couple of times.

DAMPA though has got through all this and today the company – the “New DAMPA” – was in a very positively development and back on Danish hands.

DAMPA®

Acoustic Metal Ceiling Systems

The DAMPA history

1950's

The company was started by a young engineer employed in a local timber business. He began to develop and produce wood fiber panels for sound insulation. The production took place in small, rented building in Skt. Klemens, Funen, Denmark.

DÆMPA was formed in April 1951.

The original name, DÆMPA, was the result of a contest. The name was based on a play on the Danish words "dæmp-af", meaning "to muffle."

A company logo and slogan was introduced. The cat logo and the slogan "**As quiet as a cat's footsteps**" Was used to get over the message.



1960's

The Danish construction market boomed in the 1960's and DAMPA saw a rapid rise in sales. The increase in demands put pressure on the production capacity and caused the company to move to new and larger production premises in the small town Tommerup, also on the island Funen.

Throughout the 1960's new products are developed and launched.

Also during the 1960's DAMPA started up export to the neighboring countries. The first sales and production subsidiaries were established in the U.K. and Germany; and licensed factories were agreed in many countries. All this being the result of a major growth strategy and expansion programme.

DAMPA successfully introduced a new partner concept with local assembly of semi-finished goods worldwide. This concept still today form the basis of the close relationship with DAMPA partners in many countries.

In 1968 DAMPA was awarded the Danish Design Prize for DAMPA 10.

In terms of competition then producers of mineral wool based ceilings grew to be very strong and it caused a decline in demand in the domestic market for DAMPA products. One of the main competitors in mineral wool based ceiling actually being another Danish company Rockwool producing a ceiling brand called Rockfon.

DAMPA compensated for the loss of market share in Denmark by even more expansion in the export markets.

1970's

DAMPA saw good opportunities in the marine sector and started up a new collaboration with a Danish shipyard on product development for the marine sector. The collaboration resulted in a number of successful new product launches to meet specific demands from this new market segment.

DAMPA continued to focus on the marine sector and developed a fireproof ceiling system specially designed for ships. The new ceiling system was based on a revolutionary new "continuous" principle.

By this the first steps were taken into a new very promising international marine market, which ultimately led to the DAMPA Marine Ceiling Systems, which also today was one of the very important sectors for DAMPA worldwide.

Through the 1970's DAMPA developed more new successful products and launched them to a growing number of markets.

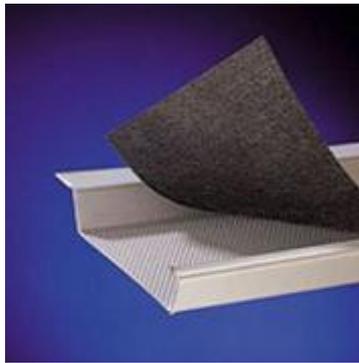
All the products were based on the principle of perforated and painted aluminum/steel linear ceilings and tiles with the option of individual installation/dismantling.

This core product's basic concept using 10 cm linear ceilings made of perforated aluminum/steel continues to be a bestseller for DAMPA.

1980's

DAMPA developed a new concept which led to a completely new marketing and product strategy. Sales became more project-related and a number of functions and features such as light and air became integrated parts of the ceilings.

In collaboration with a supplier, DAMPA developed over a 3 year period a new acoustic felt to replace mineral wool. The new felt revolutionized the ceiling industry, and DAMPA was awarded the Danish Environmental Prize.



1988 was a groundbreaking year for DAMPA. In competition with others DAMPA won an order for the Islamic University in Riyadh, Saudi Arabia. The order for 250,000 m² of ceiling tiles was believed to be the world's largest individual order at that time.

Furthermore new business areas are developed in the 1980's including:

- Alternative energy (solar heating)
- Furniture production
- Partition systems
- Major marine turnkey projects.

The internationalization also continues by subsidiaries being set up in the US and Canada. Furthermore DAMPA entered into Asia Pacific by establishing up a number of joint venture agreements.

Unfortunately the new business areas did not succeed, which led to the decision to focus on the original core business, i.e. development, production, marketing and sale of ceiling systems in steel and aluminum for the construction industry and the marine sector.

As an element in the internationalisation of the company the name was changed to DAMPA. The original Danish name contained the letter “Æ” which was a special Danish letter. The letter “Æ” was replaced by the letter “A”.

AS a result of this a new logo was designed – the individual letters looking like they were made out of the ceiling material, perforated aluminum/steel. The old logo – the Cat – was replaced worldwide in more than 50 countries by this new DAMPA logo.

The logo for DAMPA, where the letters are filled with a blue perforated pattern, resembling a ceiling material. A registered trademark symbol (®) is located at the top right of the word.

1990's

DAMPA entered into a strategic partnership or alliance with the Dutch company Van Geel Metal.

The Van Geel Groep purchased 49% of the shares in DAMPA A/S. The main reason for the two companies to enter into a strategic partnership was that the two companies complemented each other perfectly in terms of both products and markets.

Even though Van Geel also produced ceiling systems the two companies were not in direct competition. Actually it is more correct to say that Van Geel and DAMPA complement each other. DAMPA producing more standardized systems and Van Geel producing special, tailor made solutions.

The alliance developed positively in terms of growth and this led to the Van Geel Groep took over the remaining shares in DAMPA A/S. In the organization a new division was set up – the Ceiling Division – consisting of DAMPA and Van Geel Metal.

In order to fully take advantage of the positive synergy effect of the new Ceiling Division in the marketing a new joint logo was launched including both the Van Geel name and the DAMPA name.

The joint logo for Van Geel and DAMPA. It features the text "VAN GEEL" in blue, followed by a stylized blue "G" symbol, and then "DAMPA" in blue with a registered trademark symbol (®).

For a long period DAMPA focused on making the product mix wider. Next step then was to also make the product mix deeper. Among other things a new design with the acoustic felt in various colors were introduced.

In the 1990's competition increased in most markets and DAMPA intensified the marketing and product development to fight off the increased international competition.

The focus shifted from marketing of individual products to the marketing of total solutions, design and creativity – a new concept for the company.



In 1999 the American company Chicago Metallic who also were in the ceiling industry had bought the Dutch Van Geel group in order to strengthen the metal tile and linear ceiling production of Chicago Metal.

Since DAMPA earlier had been taken over by Van Geel, DAMPA now became part of an even bigger group. Chicago Metallic's main focus was production of the grid systems which are the key element in suspended ceiling systems.

But Chicago Metallic wanted to expand the business within the metal ceiling business industry. To fulfill this strategy Chicago Metallic acquired the Van Geel group

2000's

The new millennium started out with the challenge of taking full advantage of the synergy from the three companies – DAMPA, Van Geel and Chicago Metallic.

New products were successfully introduced in the Danish market as part of an extended product range.

Once more a new logo was designed including now the Chicago Metal name. Still the characteristic perforated DAMPA logo was kept but now joined with the Chicago Metallic logo.



DAMPA celebrates its 50th anniversary in 2001 by setting new sales records in the two main markets; Marine Sales and Building Sales in the Danish and Scandinavian market.



Production of DAMPA products were closed down in the Netherlands in 2006. The production machinery from the Dutch production plant were moved to the DAMPA headquarter in Denmark.

Also the Dutch sales office was closed and sales were carried out from the Chicago Metallic office in Belgium.

DAMPA consolidated all activities in the headquarter in Denmark. A number of LEAN projects were started to make all the processes more efficient.

In order to be even more visible in the market and competitive the sales force and customer service organization was strengthened.

DAMPA celebrates its 60th anniversary in 2011.

March 2012 was a very “game changing” month for DAMPA. The American owner of DAMPA Chicago Metal announced that DAMPA were to be closed within 14 days. Chicago Metallic was very dissatisfied with the economic performance of DAMPA – to put it mildly. In the years 2007 – 2011 money gushed out of DAMPA and finally the American owner said stop.

Of course this caused chock among the employees at DAMPA.

The actual background for Chicago Metallic wanting to sell DAMPA was not only based on bad economic performance. Lack of focus, strategy and understanding for the metal ceiling business by Chicago Metallic was the main reason.

Chicago Metallic focused on selling standardized, mass produced grid system for suspended ceiling systems. DAMPA on the other hand were into project selling. DAMPA focus on the customer and also other parties involved in the process around a building; i.e. architects, engineers, contractors etc.

Maybe it was the actual chock that made a group of employees decided that they would not accept the closing down of DAMPA. They threw all their effort to saving DAMPA.

The DAMPA group approached the chairman of the board of the company Metalcolour – one of the main suppliers of steel and aluminum for DAMPA – to ask if he could be interested in taking over DAMPA.

The end result was that DAMPA once more were taken over by another company, this time a Danish company.

Metalcolour has not bought DAMPA to close it down but to make DAMPA a profitable business – although some of the production may be moved to low wage countries like Lithuania.

On the background of a number of years with blood red financial results a lot of things had to change. But Metalcolour and DAMPA are convinced that a closer integration between the two companies will result in improved cost efficiency and also improved possibilities in development and launch of new products in the markets.

Unfortunately, before the takeover was in place, a lot of rumors sprung up that DAMPA were closed down. By using a lot of marketing energy DAMPA succeeded in contradicting these false rumors.

Now DAMPA is fully back in business and during the last years DAMPA has supplied metal ceilings to several high profile buildings in Denmark and also outside Denmark.

Product development also has been an important factor in the recovery of DAMPA. Among other things DAMPA has developed a new acoustically improved version of the very classic clip-in cassette. This new product has a class “A” sound absorption capacity as well as a new visual design with almost invisible joints.

In 2013 DAMPA has started up again the production of a classic DAMPA product, the DAMPA Interval Ceiling. Among architects and builders this classic product has almost become the “new black”. Since 2008 the production of the Interval Ceilings has been outsourced but now the production again returned to the factory in Tommerup, Funen.

Internally there also have been some changes. DAMPA has got a much more flexible structure coordinated by team-planners.

Today there are about 45 very dedicated employees – 30 employees less than in 2012 because the organization has been trimmed to match the present situation. All the remaining employees all have learned a valuable lesson by the wakeup call they got when Chicago Metallic announced the closing down of DAMPA.

Internally the employees now refer to the company as *NEW DAMPA*; indicating that changes has happened in all areas.

Market factors

Throughout the years DAMPA has experienced several issues from the marketing environment.

Being a supplier to the construction industry DAMPA of course is closely tied to the prosperity of this sector. Traditionally the construction sector experiences quite large up- and downturns, which can be seen on the background of various macro-economic factors normally influencing the construction industry and thus indirectly influencing DAMPA.

Since DAMPA sells in many markets also currency issues are of great importance to DAMPA. Especially the power of the dollar influences the profit at DAMPA.

In terms of competition DAMPA has 2 main problems. Firstly it is about competition from other types of ceiling materials. Especially competition from mineral wool based ceilings and gypsum plate ceilings have caused difficulties for DAMPA. The other main problem comes from copy products produced in low wage countries. The copies look more or less the same as DAMPA's own products, but they are of lesser quality. The most important issue though has been that the copy products have been sold at very cheap prices, impossible for DAMPA to compete with.

Presentation of the main products:

DAMPA linear ceilings

DAMPA 10/100/200/300

DAMPA 10/100/200/300 ceiling systems comprise a closed ceiling system, encompassing a variety range of panel types and modules. All panel types fit into the standard carrier, which allows for a range of individual combination opportunities.

More information:

<http://www.dampa.dk/engelsk/produktkatalog/loftpaneler/loftpaneler/Dampa-10-100-200-300.html>

DAMPA Interval

DAMPA Interval was an open ceiling system with visible profiles.

Profiles are offered in a wide range of different combinations, altering of both height and width, and together with the carrier are available in individual module sizes.

More information:

<http://www.dampa.dk/engelsk/produktkatalog/loftpaneler/loftpaneler/pr-u.html>

DAMPA Sport

Thanks to its inherent robustness, DAMPA Sport was ideally suited to walls and ceilings subjected to high levels of activity, or where there was a high risk of damage and wear, i.e.: sports halls, underground stations, corridors, etc. Panels constitute part of a complete ceiling system with visible profiles. All panel types are clipped onto the carrier without the need for tools and are secured with the use of a special locking clip.

More information:

<http://www.dampa.dk/engelsk/produktkatalog/loftpaneler/loftpaneler/sport.html>

DAMPA Robust

DAMPA Robust has been specifically designed for acoustic walls and ceilings which need to withstand abnormally high mechanical forces. It was ideal for sites where a 'robust' extra-strength ceiling was demanded, such as in railway and subway stations.

More information:

<http://www.dampa.dk/engelsk/produktkatalog/loftpaneler/loftpaneler/ws.html>

DAMPA Tiles

Clip-in with square edge

The tiles are part of a complete ceiling system with concealed suspension system. Precise levelling of the square-edged tiles creates a flat, uniform and "borderless" ceiling surface. Acoustic values can be obtained with standard perforation or with micro perforation around the edges of the tiles

More information:

<http://www.dampa.dk/engelsk/produktkatalog/loftkassetter/loftkassetter/clip-in-skarpkantet.html>

Clip-in with bevelled edge

The tiles are part of a complete ceiling system with concealed suspension system. The bevelled edge of the modular tiles emphasises the square feature of the ceiling. Creative combinations with various standard tiles offer the possibility of individual design.

More information:

http://www.dampa.dk/engelsk/produktkatalog/loftkassetter/loftkassetter_clip-in_affaset-kant/clip-in_affaset-kant.html

Lay In

The DAMPA Lay-In Tiles are installed in an exposed T-grid system. The characteristic look was created by the difference in level between the T-grid and the ceiling tiles. The shadow effect emphasises the square feature of the ceiling.

More information:

http://www.dampa.dk/engelsk/produktkatalog/loftkassetter/loftkassetter_lay-in/lay-in.html

PLANOSTILE Ceiling Systems

A system utilising steel tiles in either square or rectangular formats. Planostile incorporates the following product types:

PLANOSTILE Clip-in

A system utilising a concealed clip-in carrier system. Access to the above lying installations was gained by using a simple dismantling tool.

More information:

http://www.dampa.dk/engelsk/produktkatalog/planostile/planostile_clip-in_swing/clip-in_swing.html

PLANOSTILE Hook-on

A system utilising a hidden carrier system. Hook-on corridor has been specifically developed for use in corridor and hallways, where the installations situated above the ceiling prevent the hanging of a carrier system.

More information:

<http://www.dampa.dk/engelsk/produktkatalog/planostile/planostile/hook-on.html>

PLANOSTILE Lay-in for T-grid

system, where the cassettes lay in a visible carrier system in either 24 or 15 mm widths. The ceiling system includes various types, where the depth of the gap between the tiles was 0,8 or 16 mm. The tiles are simply lifted into the T-grid.

More information:

http://www.dampa.dk/engelsk/produktkatalog/planostile/planostile_ceiling-waslands/ceiling-waslands.html

PLANOSTILE Lay-in for bandraster

The ceiling has a visible carrier system and was used, where it was preferable to structure the ceiling surface into lesser units for reasons of design, or demands for extra bearing capacity for luminaires, cables, signage, dividing walls, etc.

More information:

http://www.dampa.dk/engelsk/produktkatalog/planostile/planostile_bandraster/bandraster.html

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