

# Gestamp-An Approach To The Organizational Model

Florian Lindner  
Marie Grütter  
Adalmiro Pereira  
Tânia Teixeira

*Iscap- P Porto*  
*Iscap- P Porto Teacher And Ceos Member*  
*Iscap- P Porto Teacher*

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## **Abstract**

*Gestamp presented itself as an extremely interesting and dynamic company. The development as well as the rapid rise of Gestamp is remarkable, especially considering the comparatively young history of the company. In a short time Gestamp has managed to become one of the most important suppliers to the automotive industry worldwide.<sup>1</sup> In order to gain a deeper insight into the company and understand how Gestamp has managed to become a leading Tier 1 supplier to the automotive industry, a comprehensive analysis is conducted. This analysis includes a SWOT analysis in which the strengths and weaknesses of the company and its business model are analyzed. In addition, opportunities and risks for the future are identified. The historical development of the company is examined in detail in order to trace the evolution of Gestamp over time. Furthermore, the analysis of the strategic orientation until the year 2027 as well as the organizational structure and management of the company is of importance.*

*Before entering into this detailed analysis, a well-founded overview of Gestamp as a company is first developed.*

*Date of Submission: 17-09-2024*

*Date of Acceptance: 27-09-2024*

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## **I. The Company**

Gestamp Automoción, S.A., known as Gestamp for short, is a Spanish multinational automotive engineering company specializing in the design, development and manufacture of metal automotive components. It is one of the leading companies in the European automotive industry. The headquarter of the company is in Abadiano (Spain). At the moment Gestamp has more than 100 production sites and about 43.000 employees all over the world which makes it a very big global player.<sup>2</sup> Turnover in 2022 amounted to 10.7 billion €.<sup>3</sup>

### **History**

Gestamp was founded in Spain in 1997 by Francisco Riberas Mera and initially started as a local supplier for the automotive industry. At that time, they manufactured stamping machines. The breakthrough came with the expansion to international markets and the introduction of advanced technologies for the production of lightweight and resistant components. The focus on innovation and quality allowed Gestamp to build important partnerships with leading automotive manufacturers.<sup>4</sup>

In 1999, the first phase of globalization began with the opening of centers in countries such as: Germany, France, Argentina, Brazil and Mexico. Since the 2000s, Gestamp has reaffirmed the importance of R&D while continuing to grow in other countries.

A little later in 2004, the company entered the US market. In the same year, Gestamp acquired Hard Tech Group and Edscha, a German group leader in mechanisms to expand its technological competencies.

In 2006, Gestamp went public on the Spanish stock exchange, providing the company with additional capital for growth and innovation. With this money, they continued their expansion in the following years, opening new production sites in emerging markets such as Russia, Turkey, China, India, South Korea, the Czech Republic and Slovakia, with a focus on technology. Gestamp thus consolidated its position as a major supplier to the global automotive industry. Figure 1 below shows the history of Gestamp from 1997 until 2018.

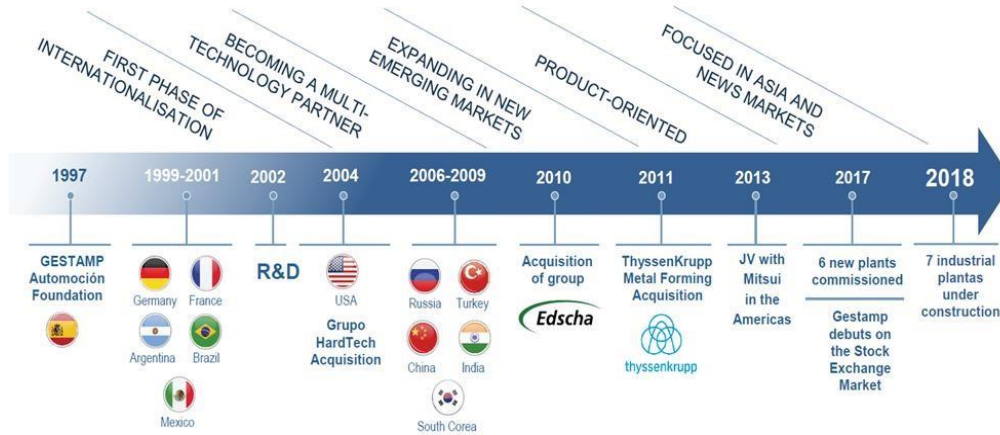
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<sup>1</sup> (Gestamp, 2023)

<sup>2</sup> (Gestamp, 2023)

<sup>3</sup> (Finance, 2023)

<sup>4</sup> (US, 2023)



**History of Gestamp from 1997-2018**

During these 25 years, there have been good times and bad, when the company has always stood by its customers, accompanying them in their globalization, helping them to develop ever safer and more efficient vehicles, and providing them with innovative solutions to the many challenges of the automotive sector.

**Current Position**

Gestamp has a wide range of products that are integrated into the body of the vehicle and determine its structure. Their activities include all the processes of manufacturing the components, so it covers the entire value chain. From the production of presses and tools to the manufacturing and finishing of the product.<sup>5</sup> Today Gestamp is a global company with a strong presence in Europe, North America, Asia and South America. Due to changes in the automotive industry, Gestamp is now focusing not only on traditional vehicle structures, but also on innovative solutions for electric vehicles and lightweight concepts.<sup>6</sup>

The products of Gestamp include a wide range of components, including body structural parts, chassis components, battery mounts for electric vehicles and other innovative solutions. Gestamp's advanced manufacturing technology, including pressing, stamping and welding, enables the production of high-quality, lightweight components that meet the stringent requirements of the automotive industry.<sup>7</sup> By using lighter materials and energy-efficient manufacturing processes, the company helps reduce the carbon footprint of automotive production. In Figure 2 you can see the different light weight components produced by Gestamp at the moment.



**Components produced by Gestamp**

<sup>5</sup> (Gestamp, 2023)

<sup>6</sup> (Gestamp T. &., 2023)

<sup>7</sup> (Gestamp B. O., 2023)

Gestamp's strategic focus on innovation, quality and global presence has helped the company remain successful in a challenging economic environment. Gestamp remains at the forefront of the metalworking industry and holds a key position in the automotive supply chain.

Overall, Gestamp's track record shows that continuous innovation, international expansion, and a strong commitment to quality and sustainability are critical factors for long-term success in the supply industry.

## II. Current Strategy

Gestamp's vision is: "To be the most recognized automotive supplier for our ability to adapt our business to create value at the service of our customers, while maintaining sustainable economic and social development."<sup>8</sup> To achieve this goal Gestamp has 5 basic principles it follows:

### Customer-centric Business approach:

Gestamp's business strategy focuses on developing and providing products that deliver value in terms of innovation, pricing, quality, safety and environmental sustainability. As an industry leader, Gestamp strives to provide optimal solutions that enhance each customer's business and company success. This requires a deep understanding of customer needs across short, medium and long-term horizons and fosters lasting and transparent relationships.

### Pursuing excellence as a regular practice:

Competitiveness is improved by the constant efforts of every employee to optimize existing or new processes and procedures.

In a competitive sector such as the automotive industry, Gestamp must excel in what it does. Gestamp's operations must be excellent.

### Innovation as a means to progress:

The challenge for Gestamp is to be the innovation leader in the sector and to make customers aware of the added value Gestamp offers. Only in this way will both sides benefit from technological progress and innovation.

### Sustainability to last:

Gestamp wants to grow steadily and last for a long time. To achieve this, solid financial planning and good risk management are important. It is also important that human rights are respected, the health of employees is ensured and the environment is protected.

### People as architects of success:

Gestamp's employees are largely responsible for the company's success. Therefore, they are the focus of attention. That is why good working conditions, as well as professional and personal advancement, are a high priority at Gestamp.<sup>9</sup>

Concrete targets of the company until 2027 are shown in Figure 3:



Gestamp Targets for 2027

<sup>8</sup> (Principles, 2023)

<sup>9</sup> (Principles, 2023)

Key corporate figures such as EBITDA or ROCE (return on capital employed) are to be increased significantly. In addition, the dividend payout is to increase by 30% of the annual profit. Another important goal of Gestamp is climate neutrality. This is to be achieved through more efficient manufacturing, lighter components, the use of more recycled materials and steel produced with low CO2 emissions.<sup>10</sup>

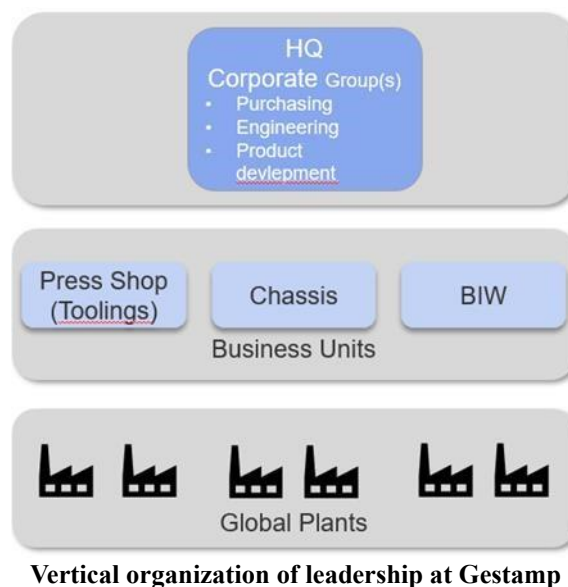
Overall, it can be said that Gestamp has a very clear and unambiguous strategy. In addition, the targets are very ambitious.

### III. Leadership

#### Organization

Gestamp is a family business that has developed from a small local stamping supplier into a global market leader in its field within 25 years<sup>11</sup>.

This requires well-organised and structured management. The company is divided into 3 main levels. The headquarters, which is responsible for purchasing, product development and engineering. Below that are the three business units Chassis, BIW (Bodywork) and Press Shop (Toolings). These are then subdivided into the individual global production sites on the third level.



**Vertical organization of leadership at Gestamp**

Figure 4 shows the vertical organization of leadership at Gestamp. Headquarters is responsible for the global strategy and makes suggestions on how to achieve it. However, the decisions on this are made in the individual production sites.

#### Government

The highest governing body of Gestamp is the Board of directors, which has a supervising and decision-making function. To assist in the decision-making process, three committees have been established, the Audit, the Nomination and Compensation and the Sustainability Committee. The task of the committees is to pre-judge certain matters and ensure the principles of objectivity of the Board<sup>12</sup>.

In addition to the Board of Directors, the second part of the company's governance is the Management Team. This includes the corporate directors from each global organisation and the managers from each division. The Management Team is responsible for the strategic organisation by developing, implementing and monitoring the business strategy and guidelines.

The current CEO and chairman of the board is Mr. Francisco Jose Riberas Mera. His career began 1989 at the Gonvarri Group. In 1997 he created the Business Plan for Gestamp Automocion and entered as CEO and been the chairman of the board since then. So Francisco Jose Riberas is the leader of both governing bodies. As a CEO he has to manage the company's day-to-day operations and implements business strategies in consultation

<sup>10</sup> (Gestamp S. , 2023)

<sup>11</sup> (Mera, 2022)

<sup>12</sup> (Gestamp, 2017)

with the General Shareholder's Meeting and the Board of Directors. His duties as the chairman of the Board of Directors is to lead and ensure the boards proper functions, as well as to organize its meetings and agenda and to represent the company.

He and his brother each own about 25 % of Gestamp Automocion<sup>13</sup>. Riberas believes that a family owned company can be a big advantage because of the long term planning and it could reduce political disputes within the company. But it must be provided that private and business matters are separated. Nevertheless, it is important to acquire and hold on to the best external management talents<sup>14</sup>.

Ribera's key attributes for successful leadership are a belief in moral authority, consistency, the ability to build a team and a sense of vision. He leads Gestamp with a team-based management model. Teamwork is a major factor and their strength and motivation are of great importance. While the leader bears the responsibility, the decisions must be supported by the team in order to successfully implement them<sup>15</sup>.



**Government structure of Gestamp**

#### **IV. SWOT Analysis**

##### **Strengths:**

1. Gestamp in the development of innovations and new technologies very well positioned. In addition, the quality of its products is recognized and appreciated in the industry.
2. due to its size and presence all over the world, Gestamp is very well positioned to serve the global demand for vehicles and their components.
3. Gestamp's broad product range spreads the risk in case one of these businesses does not perform as well due to a change in the markets.
4. environmental protection and sustainability are becoming increasingly important, also for car manufacturers. Therefore, they are also paying more attention to sustainability efforts from their suppliers. Gestamp is putting a lot of effort into this field.

##### **Weaknesses:**

1. The automotive industry is the only market in which products are sold. If there are problems in the automotive industry, this has a huge impact on gestamp's business.
2. The suppliers for the oems are in a constant and hard competition. Therefore, gestamp has to constantly fight for its position in the market and invest large amounts of capital in the further development of its products.
3. High investment costs for new production facilities.

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<sup>13</sup> (Forbes, 2023)

<sup>14</sup> (Mayer, 2015)

<sup>15</sup> (Deloitte, 2019)

### **Opportunities:**

1. The transition to electric mobility could be an opportunity, as Gestamp is developing some promising products here and already has them on the market. New customers can be gained here in this transformation.
2. As a leading supplier of lightweight components, the sustainability trend is an opportunity.
3. The increasing demand for vehicles in emerging markets and new markets such as China or India.

### **Risks:**

1. Economic fluctuations can quickly lead to sharp sales losses in the automotive sector, as it is highly cyclical.
2. Changes in regulations or trade restrictions, such as new environmental regulations or the dispute between the USA and China, can incur costs and cause sales to shrink.
3. Conflicts such as the war between Russia and Ukraine drive up raw material prices, making production more expensive for Gestamp.
4. New competitors or aggressive pricing policies of existing competitors, especially from China, may affect business and reduce profits.

## **V. Conclusion**

Over the course of 25 years, Gestamp has navigated its way through various market landscapes, proving its ability to not only survive but thrive amidst the challenges of the industry.

Gestamp's vision, which is underlined by customer focus, striving for excellence, innovation, sustainability and prioritising employees, defines the company's core values. The company's strategic goals until 2027 include the ambition to significantly improve the company's key performance indicators, achieve carbon neutrality and strengthen its commitment to sustainability and innovation.

The SWOT analysis showed that innovation and global reach are the company's key strengths. However, dependence on the automotive industry and competition in the market present a constant challenge. Amidst these challenges, opportunities arise from the company's progress in the areas of electromobility and sustainability. Expansion into emerging markets such as China and India offers further growth prospects. Nevertheless, the risks posed by economic fluctuations, regulatory changes, geopolitical tensions and competitive pressure are considerable. Gestamp's future success depends on its agility, innovative strength and skilful risk management. By capitalising on strengths, addressing weaknesses, seizing growth opportunities and managing risks, Gestamp will chart a course towards a sustainable leadership position in the automotive industry.

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