Glen Dimplex Thermal Solutions is a new brand. It brings together what belongs together: heating and cooling expertise, employed in intelligent and maximally efficient system solutions – whether it’s for managing temperature and ventilation in buildings or precision cooling technologies and processes.
Much lies behind the new brand. Decades of experience. Specialist knowledge. Ideas. Ambition. Passion. Embodied in people across three continents, working together for Glen Dimplex Thermal Solutions. The brand belongs to the Glen Dimplex Group in Dublin, the global market leader for electric heating – a family-led, debt-free company. We wanted to find out more about the strategic background to the realignment and what the Group hopes to achieve through it. So we arranged to speak to Fergal Naughton, CEO of the Glen Dimplex Group and son of the company’s founder Martin Naughton, and Jochen Engelke, who developed and drove the plan for the creation of Glen Dimplex Thermal Solutions and who leads the new division from Kulmbach in the Franconia area of Bavaria, Germany. To our delight, Fergal brought along with him his older brother Neil Naughton, who works at Fergal’s side as Deputy Chairman, guiding the Group into the future. The perfect opportunity for a family chat: about a failed business plan, the joy of starting a new venture, megatrends and great opportunities – and naturally about heating and cooling, too.

Fergal, Neil, you grew up with Glen Dimplex – or maybe it’s even fair to see you grew up in Glen Dimplex. Can you reflect on those early memories for us?

Neil Naughton Without giving any state secrets about my age away, I was four years old when Glen Electric was started by my father. It was just a start-up. My earliest memories are of products being designed on our kitchen table. As a five or six-year-old I was fascinated by all these bits of metal – screws and thermostats and electrical components all laid out. There was a tense but exciting atmosphere. In fact, we were just talking about this with our father last night. His original business plan was to grow the business to a turnover of one million pounds and to employ 100 people – to run the company better and better each year, but never under any circumstances to grow beyond that. He jokes that his business plan was a complete failure.

Fergal Naughton You’re right to say that we grew up in the business, too. When Neil and I were both younger, every single school holiday and weekend was spent working in the different areas of the business and in different businesses within the Group. At the time, it was just work for us, but looking back on it, we now have a deep understanding of how the business operates.

Do you still have a favourite product from those early days that you feel emotionally connected to?

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Jochen Engelke, when did you first come across the topic of electric heating – or have to deal with a heat pump?

Jochen Engelke As a child, never – we had gas heating in my parents’ house. But, interestingly, I’ve been working with cooling circuits almost all my life. I studied Chemistry and in one of our first study groups we had to develop a process for producing the refrigerant R-134a, an alternative to CFCs. And in my first job interview, for a position as a process engineer in large-scale plant construction, the very first question they asked was: “How does a refrigerator work?”

Did you know the answer?

Jochen Engelke Yes, of course! I had studied cooling circuits in depth during my degree so the answer was easy. My involvement with cooling carried on after that. For example, in my job in plant construction I was partly responsible for developing cooling systems for steam condensation. And when I joined Glen Dimplex I was dealing with cooling again – and with heating, too, for the first time.

I wouldn’t tell you which my favourite child is (laughs). Besides, more important for me than the products are the people. We have worked all around the world for the Group. Both of us in Germany, and I worked in the UK and in our facilities in the Far East. When you’ve spent six months or a year within a business, you have a special place in your heart for the people that you’ve worked with, the personality and the atmosphere of the business.

“We cool, heat and ventilate the future. Powered by electricity.”
Neil, Fergal, at what point in your life did you know that you would be working for the Group?

Fergal Naughton There was never any certainty that either of us would enter the Group. It was always hoped that we would, but our father never put any pressure on us. It was made very clear to us in our early years that it would be our decision. We also had to be qualified to join the Group. We had to have both the desire and the capability. Neil and I were fortunate that we had the training within the company and the education that helped us and prepared us for the jobs that we do today.

Jochen, Neil mentioned the start-up atmosphere at the kitchen table.

Do you have some experience of that, too?

Jochen Engelke Not directly. But I’ve spent most of my professional life reorganising companies, developing new business models and strategies. That’s similar to some of the work in a start-up. And ultimately that’s what we’re doing at Glen Dimplex Thermal Solutions.

You started as head of Glen Dimplex Deutschland in 2013. How soon did you realise your job would be to reposition the company, to transform it, to create new brands and divisions?

Jochen Engelke That was pretty much clear from the start – it was in the air, so to speak. What surprised me was how things have sped up in the last three years.

How would you rate the transformation process compared to your previous experiences?

Jochen Engelke The process here is much more profound, much more all-embracing than what I experienced in my former jobs. We are working in an extremely competitive environment and our competitors are not standing still either. With things changing this fast, keeping up is one of the biggest challenges.

So that’s one of the reasons for the new division and brand Glen Dimplex Thermal Solutions (GDTS). Did the idea first emerge in Kulmbach?

Jochen Engelke Yes. Developments over the last few years have led us to conclude that GDTS is the next logical step. First and foremost, these days there is much more awareness both in the political world and among customers that we need to look at the energy spent on cooling and heating together. This accounts for around 60% of final energy demand in Europe, so savings in this area have great potential with regard to the “Energiewende” – the turnaround in energy policy. The second development is that, finally, the heat pump has become a true alternative to fossil-fuel heating systems, both from a technical and a political perspective. It’s the only system that can heat and cool in a genuinely climate-neutral and energy-efficient manner.

Fergal Naughton As Jochen said, there is a drive for greater energy efficiency. People are now focusing not just on the efficiency of individual units but on the entire system, and looking at system losses overall. Bringing heating and cooling together allows us to eliminate additional losses that exist within the system.

That leads us to two important megatrends. On the one hand, the energy revolution and the fight against climate change – in other words, environmental factors. And on the other, globalisation and the resulting cost pressure – in other words, economic factors. What do they mean for GDTS?

Jochen Engelke The two megatrends go hand in hand. At last, with the Paris Climate Summit, we have agreement on the need to deal with climate change. The trend towards climate-friendly system solutions is exactly what we stand for at GDTS: using renewable energy effectively and efficiently. Thanks to our positioning and our expertise in cooling and heating, we can take action exactly where the greatest leverage is. Particularly in the area of climate comfort in buildings, there are more than enough options for using renewable energy efficiently.

Neil Naughton And just very generally speaking … with renewable energy generation, electricity has become the fuel of the future. I honestly believe that we will be using electricity to drive our cars, to heat our homes. It is the fuel that drives the computer age. And it’s the only major fuel that can be carbon-free. So it is an exciting part of our future.

Jochen Engelke At the same time, financial decisions will of course continue to play a key role for our customers. That is where we can stress the advantages of our systems, the fact that they are both environmentally friendly and energy-efficient. So it’s a win-win situation for everyone.

Fergal Naughton Another primary motivation for the new global strategic alignment is so we can serve our customers better. We have more and more requests from our customers that we should offer products and services to them on a consistent, globally available basis – be that in North America, Europe or China. By bringing these companies together we will be better able to react to those requests.
Jochen Engelke Exactly. Many of our major clients are global businesses – Siemens, GE, Toshiba and Philips in the field of medical technology, for example, or TRUMPF and Amada in machine and laser cooling. Naturally they also expect global solutions from us. So the reorganisation is a great opportunity. It was also the next logical step: at the end of the day, around 25% of the new division’s turnover already comes from our global customers.

Fergal Naughton In addition, the restructuring will create synergies, because all of these businesses have different strengths. For example, Dimplex Thermal Solutions in North America is very strong in industrial cooling, whereas Riedel in Germany has a traditional strength in medical cooling. How can both businesses learn from each other and work together to ensure that we are bringing the best solutions to play in both areas? I think that globally we are now very well structured and very well equipped to take on this challenge.

Is it really possible to lead an international business from Kulmbach, in the Franconia area of Bavaria?

Jochen Engelke Why not? Germany’s tradition of family-run, medium-sized companies – what we call the “Mittelstand” in German – is largely based in the provinces but it includes many “hidden champions” that are global leaders in niche markets. We would not be the first to run a global company from a local region such as Kulmbach. And it is not the case that we only acted regionally in the past. In the area of cooling systems, for instance, we have always worked internationally. The great thing about GDTS is that we now have a much broader basis for our international activities.

Are you already planning Chinese or American weeks in the canteen? Or will you be exporting bratwurst from Franconia to Michigan or Shenyang?

Jochen Engelke Actually, we often feature local specialities from Franconia at the international trade fairs we attend, including those in the United States and Saudi Arabia.

Fergal Naughton Speaking of that, I think there are a lot of similarities between the Irish and the Franconians, socially. We enjoy going to the pub, having a beer, enjoying each other’s company, music. Socially we have a lot in common (laughs).

GDTS and the Group are not the only players in the market, of course. What sets you apart from the competition?

Jochen Engelke From the perspective of Kulmbach, I believe there are two things that we do more consistently than other companies. First, we see ourselves more and more as suppliers of system solutions rather than simply components. And second, we combine our expertise in cooling and heating technology more consistently than any other firm. We are particularly skilled in hydraulics. We have outstanding competence in control systems – in the area of precision cooling and in complex heating systems. We have developed this knowledge over more than 40 years under a single roof. So our competitors have a lot of catching up to do. This is the basis we use to offer system solutions for intelligent thermal management that have real credibility. It’s important for us to be aware of this expertise, to use it in a targeted fashion and above all to build on it for the future.
**There is another megatrend, too: digitisation. What opportunities does that bring?**

**Jochen Engelke** For me, digitisation is the glue that binds our key cooling, heating and ventilation technologies together. It helps us to create true system solutions, to integrate all the relevant components. It brings us much closer to our end consumers and allows us to offer them much more added value than in the past.

**Besides GDTS, two other new divisions are being created within the Group:**

**Glen Dimplex Heating & Ventilation,** and **Glen Dimplex Consumer Appliances.**

**How will the divisions relate to each other?**

**Fergal Naughton** The Group now has three very strong pillars, three strong divisions – each with their own leadership and their own expertise built in. We envisage that each of these strong divisions will have windows and doors into the other divisions: windows where they can look and see what their colleagues are doing and learn from them, and doors where they can go in and out of the other divisions and work with their colleagues.

**Jochen Engelke** I like the image of houses a lot. Windows and doors: this exchange between the different divisions is absolutely critical for the future. In the past there were lots of different contact people within the group and the technological expertise was too fragmented. The house had too many small doors which only those in the know knew about … secret doors, so to speak (laughs).

Since we are talking about the Group again: more than 40 years after its foundation, it is still privately owned and in the hands of the founding family. **What effects does that have on strategic directions, on the day-to-day business?**

**Neil Naughton** Glen Dimplex is unique. When we talk to our friends and our peers, I find that, for most of today’s start-ups, the first thing the founders are thinking about is the exit. That’s certainly not the case with Glen Dimplex. When Fergal and I talk about “exit” we are talking about the next generation, about how to hand over a better and stronger business than we inherited.

**Fergal Naughton** Agreed. Being involved in a family business allows you great freedom to take a long-term perspective. When Neil and I think about planning the Group, we plan for future generations of the family. All the decisions that we take are in the interests of the long term.

**So what is it actually like working together as brothers?**

**Neil Naughton** Well – and I hope Fergal will agree with me here (laughs) – I think we’ve got a fantastic working relationship. Nobody knows me better than Fergal. He’s known me for an awful long time. He knows how I think.

**Fergal Naughton** Our offices are next to each other, so when he isn’t in my office, I’m in his office. We spend a lot of time together. We’re very lucky that we have complementary skills, that we have a good working relationship and a great personal relationship also. There is something special about family: you can have an extraordinary level of trust.

**Jochen Engelke** It’s also a great advantage for me being part of a family business with the values that entails – and the financial independence that has made the reorganisation possible in the first place. It is important that a culture of striving to find the best solution is actually lived out in practice. That is what I experience very day, and it’s enormous fun. If we nurture that culture in all the different sites belonging to the division, then I am convinced that the reorganisation will be a success story.

**Jochen, do you feel part of the family almost?**

**Jochen Engelke** Yes. You know, I visit Dublin regularly and we – my wife and I – are really treated almost like family.
Jochen, did you enjoy a Guinness or two with the Naughtons in the pub?

Jochen Engelke Actually I am not a great fan of Guinness. But I have been invited to the family pub!

Not a fan of Guinness?? And you still got the job?

Fergal Naughton It doesn't have to be Guinness for us all the time either... Most of the time, yes, but not all of the time (laughs).

Jochen, you mentioned values. In the new mission statement, GDTS describes itself as "bold, efficient and full of ideas". How do the three of you interpret these values?

Fergal Naughton First of all, I must say that I have been very impressed by the job that Jochen and the management teams have done in setting out a very clearly articulated vision and mission, and in building a clear strategy for the years ahead about where the division is going. It is a bold strategy and we are supporting that. We will be investing significantly in GDTS to realise these ambitions and goals. We have a very significant opportunity here - a global opportunity that we, as the executive of the Group, will be very happy to support. Of course, we have to continue to offer the high-quality, highly reliable products and services that our customers know us for, but we also need to stay continuously competitive.

Jochen Engelke These three values will help us on our way. They have great credibility, they ring true - not just for the business in Kulmbach but for the new division as a whole. They are values that are really lived out in the company. I observe them every day in my conversations with our employees. I find it really motivating that many of the topics we have addressed in the last two or three years have an incredible resonance for the Group. For me, these three values are a perfect fit for the entire company - and for all of us.

Finally, where do you see GDTS ten years from now?

Fergal Naughton As I said earlier, what is important about the way we've structured the Group with these strong divisions is that we have good leadership teams. Jochen and his team have put a strategy in place. It's down to the local management to determine the course of the business. While we ourselves have visions for where we want the Group to go, we will be heavily influenced by the teams and what they want for the businesses they operate.

Jochen Engelke We are in competition with very large players who will no doubt be moving in similar directions to us. It would be very presumptuous of us to say we wanted to establish ourselves as the leading world player. We are following a "hidden champion" strategy, building a top position for ourselves in areas where we are strong and competitive. That could include specialised system solutions for cooling and heating, an area where we want to be the best in the world. An essential part of our goal is, in ten years' time, to have a much bigger sales volume and greater profitability than today. That is a fundamental part of our ambition - without that, it wouldn't be worth starting off down this road in the first place!