



DEVELOPED IN SLOVAKIA. FROM POWDERED METAL.

While rear door hinges on Mercedes-Benz Sprinter minibus are only a small component of the vehicle, the manufacturer has saved two and a half million euro annually since the hinges have been supplied by Gevorkyan, a company based in Vlkanová, near Banská Bystrica, Slovakia. Currently, the costs arrive at only one sixth of the amount paid to former suppliers. However, the reason did not lie in the discovery of „low-priced central Slovaks“; in fact, the company from Vlkanová delivers the same quality for a lower price thanks to powder metallurgy. It includes pressing mixtures of powder iron, copper, molybdenum, and other metals to the component shape and its subsequent sintering to a solid state. Up to seventy percent of various powder metallurgy products are bought by the automotive industry. Dozens of kilos of such components are found in Japanese or American cars—considerably more than in European vehicles. Artur Gevorkyan (52)—an Armenian with Ukrainian passport, former aircraft engineer and soldier, and managing director and majority owner of the plant in Vl-

kanová, blames European conservativeness: an American pragmatist would immediately go for a more financially viable option. At the same time, we are not dealing with a new technology. Principles of powder metallurgy have already been well-known four thousand years ago in Egypt and Persia.

Gevorkyan company is one of the fifty European companies using powder metallurgy. Artur Gevorkyan brought this technology to Slovakia because he wanted to spread the experience and knowledge of his father, a pioneer of powder metallurgy in Armenia. He realized that the west is a potential destination for sales, and he chose central Slovakia as a place for establishing a Europe-wide distribution centre of Ukrainian production since it is the geographical centre of Europe. However, after a few months he realized that his company could operate more effectively in Slovakia, and decided to establish its production centre right here.

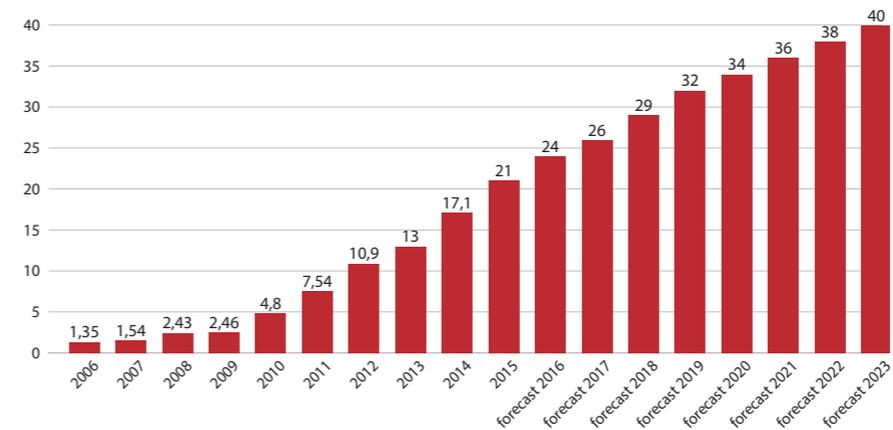
He lived in Banská Bystrica, Slovakia, in a rented single-room apartment with his Belarusian wife, her daughter, and his son,

and sometimes even with some powder metallurgy experts he'd invite. In this town, he also found his first (rather small) production spaces, and started buying machines at scrapyards in various countries, which were subsequently overhauled by him and his colleagues in order to launch production. He was so strapped for cash that he could not buy technical gases for sintering, which forced him to get hydrogen by splitting water in a machine powered by an engine from a hairdryer. He could afford modern machines only after the financial crisis, when Western European manufacturers were getting rid of anything that had no buyer. Only then a bank offered them an unfinished production hall in Vlkanová.

Because powder metallurgy is not taught at Slovak universities, the lack of manpower was compensated by recruitment through newspaper advertisements. They would consider anyone in need of a long-term job and provided them with an initial training lasting at least one year. Today, the team in Vlkanová is made up of two hundred people from all

REVENUE GROWTH OF THE COMPANY

(in mil. eur)



around Slovakia. The oldest ones remember noticeboards with saving and retraining plans of how to survive the financial crisis. They had to figure out whether they are able to overcome scepticism that not everything is possible. People from presses learned to work with milling machines, milling experts to operate furnaces, and developers to come up with solutions deemed impossible by foreign competitors. Employment contracts even feature Tomáš Baťa's motto: „If you want to build up a large company, first build up yourself.“

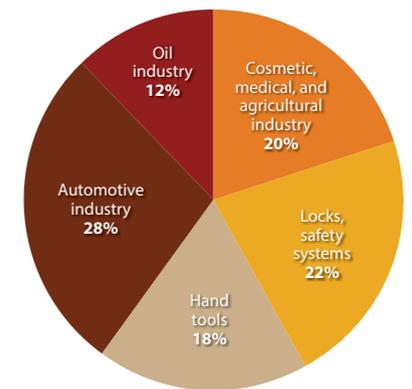
Thus unsurprisingly, foreign customers often saw Gevorkyan company as a last resort, only after every other supplier failed. „We come in especially when others have problems with producing something or they do it ineffectively or at a high price,“ explains the managing director. The manufacturer of door locks for Škoda Octavia turned to Slovakia after their supplier was unable to deliver one simple trifle. Gevorkyans, however, did manage to do so.

„We were a „no-name“ company, to which the big and reputable turned a blind eye and which they treated with disrespect, especially if also experienced suppliers were at a loss,“ remembers Artur Gevorkyan. Initially, many were sceptical about his stubborn idea to build up a complex factory from scratch. But after seven, eight years, the company started to be taken more seriously and for years to come, critics would glower as the factory in Vlkanová was able to manufacture products that even well-known western companies would deem unimaginable. Nowadays, they

are respected to such an extent that they receive inquiries about their future availability. While powerful competitors would want to buy the Slovak company not so long ago, it has reversed in the past couple of years. „Western companies offer themselves for sale, and those from Asia would like to establish a joint venture with us in China and India,“ says the managing director. „We had a look at such companies and were surprised by the almost complete lack of what we consider our power—development. So why would they buy them?“

In contrast to many competitors, the company states that it does not accept every order and does not undercut the competition. They choose projects where they could apply their know-how and development; in fact, they have been a development supplier for years. They communicate with the majority of their customers already in the phase when their idea is still rough and not yet specified in drawing. Developers in Vlkanová constitute one tenth of the employees and design the shape of components produced by powder metallurgy. They also fashion the mixture composition, the methods of „mixing“ and „baking“ of metal powders. Each component has different requirements regarding strength, pressure, resistance, and durability. The company supplies their products also to China and India without concerns about being imitated and consequently forced out of the market. While it is possible to find out the product composition, this is not sufficient for the production of an identical prod-

REVENUES AND GROWTH ACCORDING INDIVIDUAL SECTORS



uct. „It is necessary to know the order and method of mixing powders, the structure of pressing tools, warm-up speed, or sintering temperature. Ingredients used by a Michelin cook will not be useful to a cook from a fast food,“ says Artur Gevorkyan. Technological processes and parameters are a strictly secured know-how. It is not revealed even during audits.

The company's smallest product is dental bearing, which weighs only two grams. The biggest one is produced for the automotive plant Fiat and weighs almost one kilogram. Currently, approximately a thousand various products weighing 1200 tons are produced annually. Half of them isn't produced by powder metallurgy anywhere in the world. Their customers are from about thirty countries, with none of them being truly big: each of the global brands buys no more than four percent of the production value in Vlkanová. This is the Slovak example of diversification. The automotive industry experiences periodic problems and thus Artur Gevorkyan claims that the production portfolio should be wide. They supply their products to manufacturers of oil well pumps, construction machines, combines, medical and gardening technology, and even caps of perfumes Hugo Boss, Dolce & Gabbana, Lacoste, and Versace...



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