
# SKF® Enters a New Era *with* **Rickard Gustafson**


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Bearing industry leader, SKF, recently welcomed Mr. Rickard Gustafson to the position of CEO and President. The BearingNews editorial team had the distinct pleasure of sitting down with Mr. Gustafson to candidly discuss his new role. In this exclusive interview, readers are provided a unique opportunity to hear directly from one of the industry's most prominent new leaders.

Mr. Gustafson brings a breadth of professional experience to SKF. Having held previous leadership roles within several well-known organizations, he is most notably recognized for his decade long tenure as CEO of SAS. Now, with a keen understanding of the bearing industry, Rickard Gustafson weighs in on current trends, objectives, and future insights, with particular attention dedicated to the utilization of technology, the importance of sustainability, and finally, the capacity to navigate today's rapidly evolving world.

**Q: First of all, we would like to congratulate you on your new position at SKF. Can you tell us more about your background? Who is Rickard Gustafson?**

It's my pleasure to be a part of this very iconic company, SKF, a company with such a global footprint. I have an engineering background, (a long time ago) I graduated in 1989 from the University of Technology in Linköping Sweden. I joined what is now known as Accenture for 7 years, back then it was Anderson Consulting. Following this role, I spent 10 years with GE and GE capital in various positions, and eventually I became the CEO of a property and casualty insurance business here in Scandinavia called Codan/Trygg Hansa where I spent 7 years running that company. I was recruited to lead the flag carrier here, Scandinavian Airlines, SAS, and I did that for 10 years. And since June 1st I'm here at SKF, so I'm delighted. It's a new industry for me and a new company.

things we are already doing. We have set very ambitious targets for ourselves. For scope 1 and 2, we will be net zero by 2030, and as of today, some of our facilities are already net zero. Such as the one here in Gothenburg for example. For Scope 3 are aiming for net zero by 2050 and the reason why we need a longer time is because we need to transform the steel industry so that we can source green steel and that is going to take a bit longer. So those are things that we do. But our products, they also serve our customers well in order to help them to transform their businesses towards a more sustainable future.

Because the whole idea of the bearing is to increase energy efficiency and reduce friction, it's a natural thing for us to support our customers. And we do that through innovation. I'm excited about the activities we have now for remanufacturing of bearings to create a circle, rather than a constantly re-buy and re-make. You can actually re-manufacture the bearings, I think that's exciting. I also think it's exciting

**Q: What will be your strategy for a profitable growth and sustainable development for SKF in the coming years?**

We have initiated a rather comprehensive strategic review process that is not yet completed. We aim to announce in the beginning of 2022. Basically, what we have done is that we are taking a very holistic view on our business, looking into the big mega transport, how they will impact our customers and thereby us longer term. We are scrutinizing our portfolio looking into the profitability and potential in all parts of our portfolio, and based on this, we will articulate a strategy going forward. Even though I can't go into many details, I think some key components that will be part of that. We do see some industry segments that are likely to grow very rapidly in the years to come. And of course, we want to be there. And most of them are linked in some shape or form to the ongoing transformation to a more sustainable future. Wind, rail, electric vehicles and so forth. So, we are going to play there.

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**Q: You are remembered for your sustainability initiatives at SAS, which became the starting point for a new era in the entire aviation industry. May we expect a similar trend and change within the bearing and power transmission industries?**

I do hope so, I think within any industry we all need to do everything we can to transform our businesses towards a more sustainable future, and I will be keen to do whatever I can to ensure that SKF is perceived as a leader within our industry and think there are number of

to see our leading technologies in some industries such as magnetic bearings, which will be vital for hydrogen conversion. Hydrogen will require a lot of compression, and magnetic bearings fit very well into high-speed rotation which will be required in compression. So, there are a number of things we do both internally and then of course to help our customers by using our products to become even more sustainable. So long answer to your question, but the short answer is yes, you should expect the same.

I think it's also going to be a lot about ensuring that we connect digitally, the entire supply chain. I think that is going to be key to come close to our customers and even closer to the customer needs, and we understand that. And the journey that we started a few years ago and the trends that we see that would, what we call **"region for region"**. You need to have a manufacturing footprint so that you're fairly close to your customers in different regions, and that will be part of our journey going forward. So again, I need to ask for your patience, you will get a more comprehensive


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story from us in early February next year, but we do see a number of exciting opportunities for SKF going forward.

**Q: What are currently the biggest challenges for manufacturing industries?**

Short term is obvious, the challenge we foresee related to logistics, related to cost inflation, we have experience in raw materials, now its energy costs that are going up. Costs for logistics are extremely challenging and now we are starting to see the cost for labor is increasing across different regions. So, those tactical things, and our ability to actually deliver to our customers, it's something that we are wrestling with every day, but hopefully those are short term issues. Longer term, there are a few key things that we need to get right, one that I mentioned is to transform the footprint, so we have the right footprint in each region. And it's not just to build the manufacturing capacity in the different regions, but we need to build very robust supply chains in all regions, so you can source your entire supply chain in a robust and effective way in those regions that you plan to operate. This is a massive work that will be undertaken in the years to come from most industrial companies to rebuild some of those capacities.

Europe that also supports other regions, so for us, our European challenge will be rather how do we automate, and how do we consolidate our capacity in Europe. In other regions, such as Asia or North America, we focus partly on consolidation, but it's more about building new capacity to replace some of the capacity that is being sourced from Europe to be sourced more locally. The journey will look bit different depending on your starting point.

**Q: New technological innovations are creating, more than ever before, fully integrated systems, with various benefits such as production automation, energy saving, and machine learning. How do you see this trend evolving in the coming years? How will this shape the future of manufacturing?**

I do see that this will significantly change a traditional manufacturing company. Today, when you walk into a facility that has been upgraded to the latest technology it's a completely automated environment, highly robotized, it's hard to distinguish a traditional blue-collar job from a white-collar job. They blur because those colleagues of ours that man those production lines, are primarily monitoring the whole digital flow and also making adjustments, digital adjustment to the equipment, rather than working at the machines themselves.

> "The buzz word digitization will become a reality"

**Q: Do you foresee that the reshoring of manufacturing will speed up back in Europe, the US, or other regions?**

Broadly across the board, but depending on your starting point, it might look a bit different. For us, we have a long history and a rather large footprint in

That's the starting point. Going forward, I think we are going to see much more sensors coming into this, we capture a lot of data, in the whole manufacturing footprint. How we leverage that data is going to be important for predictive maintenance, for quality enhancement, and so forth, that's going to be key.

Related to sustainability, traceability is going to be key over time. The end product needs to be marked so that you can fully understand and have an audit tract on the footprint ($CO_2$) of that component all the way from the steel that went into it how it was manufactured when it was manufactured, in what batch and so forth.

Again, that is going to be one thing. And that whole thing I mentioned about remanufacturing is going to be bigger, how we are going to integrate some of those loops. Again, when we have sensors out with our customers, we should be able to, in a much smarter way, provide predictive maintenance, so we can do the re-manufacturing when they have their planned stops in their own production lines for their maintenance, so we can avoid un-planned stops or breaks in our customers production environment.

So again, the buzz word digitization will become a reality, not just a buzz word. But truly how we use data, and integrate that through our value chains and in our production lines going forward will be important.