



EURO LINK

The European Quarterly Brief from the Regional Management Team

Since the beginning of the **Customer NOW!** project for better communication of late orders to our customers, things have improved in terms of commitment and co-operation between Planning and Customer Care Departments throughout Scapa Europe.

Planners have speeded up their processes so Customer Care can in most cases, confirm sales orders in 24 hours. This means we are giving our customers quicker confirmed delivery times.

We are continuing to monitor purchase orders not converted, and sales orders not confirmed on a regular basis and potential problems are highlighted to the relevant people.



Communicating late orders
to Customers.....

Most of the team met in Ghislarengo at the beginning of June with the presence of one of the Commercial Planners. Interesting discussions took place and amendments to the Commercial Planners' weekly report have been suggested to improve the communication between Planning/Production and Customer Care.

We now have more information when orders are going to be late but we are working to improve this as we want to be proactive to give our customer the best service that they deserve.

By Nadia Poppi - **Customer NOW!** Sponsor



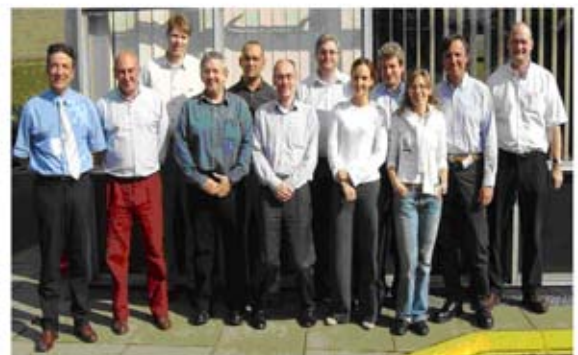
In keeping with the **Customer NOW!** spirit, training continues to receive priority treatment. The first Product Training Programme, which will be on FOAMS, has been finalised by Martin Saville and James Shipp at Dunstable. The completed programme was delivered in English, to the Sales Managers of the Industrial, Automotive and Medical Business Units on 27th and 28th June. These Managers will be responsible for cascading this programme to their teams in their national language, assisted by James and Martin who will ensure that the quality of the training is maintained

Richard Symes also delivered to the Sales Managers, a session on 'Train the Trainers' so that they can be well prepared for the cascade process. Please join me in wishing 'great success' to everyone involved in this first Product training session.

Further Product Training Sessions on other product ranges are in the process of being prepared, with the next session on Sealants planned for October, and delivered by Louise Chew.

In addition to the Product Training Programmes, the Modular Training Programme originated by Tom Visser and Mike Kostiuik is being re-defined by a small team who met in early July. This team (Jack Taylor, Ken Heywood, James Shipp, and Christophe Chauvin) will define the framework of the Modular Training Programme and will seek ways to make the modules more accessible, and to become a part of the induction process of every new employee. Further news on this programme will be provided in later editions of Euro Link.

By Jack Taylor - **Customer NOW!** sponsor



FOAMS Product Training, Dunstable, 28 June

Financial News

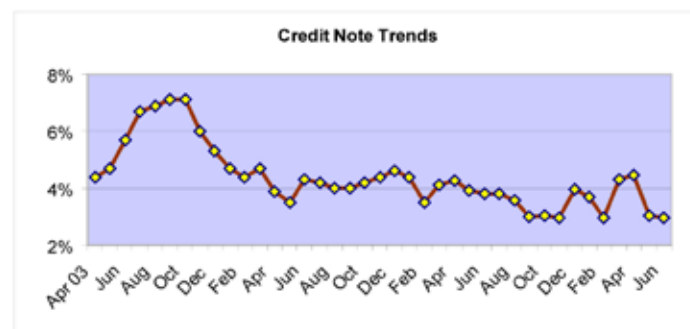
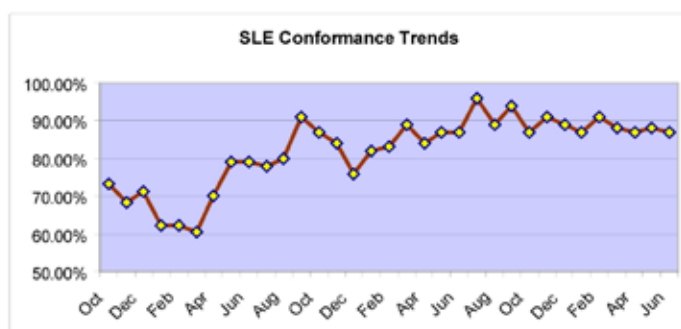
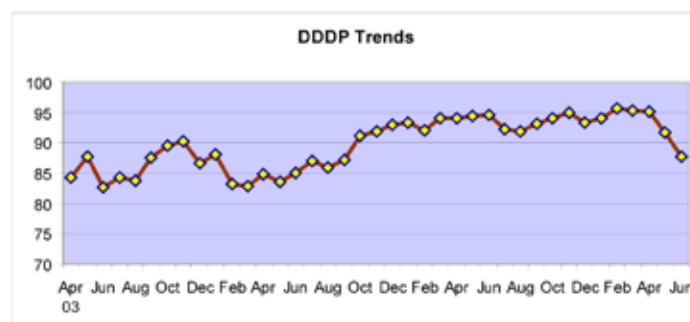
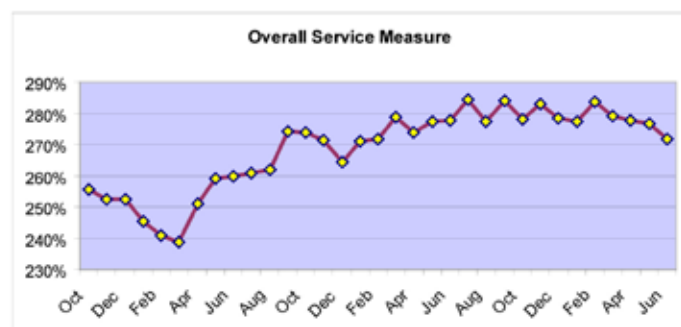
Sales ended Q1 strongly with sales exceeding budget by over 2%. Our growth over last year was 4.3% and is our 4th consecutive quarter of sales growth. We are confident that July sales will continue this trend. Profitability is only slightly ahead of budget despite the strong sales with costs and variances exceeding budget by too much and actions are starting on bringing these costs back into line. Our working capital performance was not good enough and we will be looking carefully at our stock levels in particular. The **Customer NOW!** figures include a re-basing of the DDDP measure, to make the target more challenging. You can see from the graphs that DDDP dipped in May and June from this re-basing and the sites are now working to bring this new measure towards the 95% level. Credit notes have continued to reduce.

SALES TARGET (excl Scapa Ireland)

| | Apr | May | Jun |
|-----------------------|-------|-------|-------|
| % to budget | -0.1% | +0.7% | +5.7% |
| Qtr to date | -0.1% | +0.3% | +2.4% |
| Qtr diff to last year | | | +4.3% |

By Chris Smith – European Finance Director

Service Measure



Quality

The first three months of the new financial year has continued last years improving trend for Complaints and Credits. The number of complaints registered by our customers was 492 which was 11% less than the same period last year and below our target of 520.

Credit notes issued to our customers fell in number by 35% and the value by 15%.

This is a great effort by everyone and means that we are giving our customers less problems in the true spirit of **Customer NOW!** We must remember that while we continue to make great progress if we are to give the best service our objective needs to be zero complaints and credits.

By Ken Heywood - European Quality Manager

SET Presentations

The European SET (Scapa Executive Team) members have been touring the European sites to review Scapa's performance with the Sites Management Teams along with Sales Management and Technical Management representatives. They have also been discussing what potential the sites can see for business and profit improvement. The performance review is also taking place with the European Forum. The discussions will be completed in July and have been open and constructive with many new ideas being proposed to improve our business.

Customer Care

Edith Vigneron joined us in April as our new Customer Care Manager in France. She is based in Valence and is responsible for bringing together as one team the Order Processing and Internal Sales functions based in Valence and Bellegarde. Automotive customers will continue to be served by the Bellegarde team and Construction, Industry, Printing & Graphics and Cable customers will be the responsibility of the Valence team. Edith has recently completed an International MBA at the EMLyon School of Management and has worked in a range of customer facing posts with the global ABB company.

The consolidation of the UK based Customer Care team in Ashton is continuing with the transfer of customers from Dunstable taking place during the year. Our objective is to carry out these changes in a way that does not have a detrimental effect on our customers and the transfer will be complete by the end of December this year.

By Ken Heywood - European Customer Care Manager

Technical Service Update

As part of the **Customer NOW!** Objective, the Technical Service Team has been working hard since the beginning of January to put into place a Technical Service Help Desk for the Sales Force, Customer Care and our external customers

Initially, we thought it important to introduce the Technical Service Team to everyone:

Who are we? : A group of ten people across Europe.

Italy - Sara Bazzaretti

France - Marie Delagarde, Françoise Cuq, Pierre Tissot and Christophe Chauvin based in Valence

UK - Susan Robinson and Dudley Sawyer in Ashton, James Shipp and Nick Jones in Dunstable and Brice Ledun in Lymington

What services can we provide you? : We provide European technical support on the standard range of products. For example, recommend the best product for a given application, make an analysis of a competitor tape, organise approvals of products to customer specifications, visit customers together with the Sales Team to help bring new business to Scapa.

Our Contact Sheet and Mission Statement have already been published and are available on the Intranet and also in our new European Technical Service Folder on Outlook, Public Folders.


Secondly, we have defined our Service Levels and Performance Indicators:

Service Level: Any request we receive which does not require laboratory tests will be answered within a maximum of 5 days. Most of them will be answered within 72 hours.

Performance Indicators: For requests where laboratory tests are requested, we commit ourselves to provide a detailed feasibility answer (can we do it? what is missing to be able to do the test? when can we give final results?) within a maximum of 10 days and to meet the target date provided for final results.

The system is already in place in France and since April 2006 we have reached our goals at a level of 100% for the Service Level and 90% for the Performance Indicators.

In order for the performance indicators to be measured for the whole team, to make it easier for the Sales Team to send their laboratory work requests to us, to be able to search for tests done in the past for a given product, etc. etc, we have worked together to define a Technical Service Enquiry System based on the Intranet. All details have been sent to the IT Department and we have just been informed that this project has been accepted for immediate start of the development. The system will be fully operational mid-November.

|  Technical Service Europe | | | | | |
|--|--|------------------------|---|----------------------------------|-----------------------------|
| Name | Contact Details | Principal Sites | Primary Range Support | Market Support | Languages Spoken |
| Sara Bazzaretti | Tel: 0039 0161 867480 Fax: 0039 0161 860503 Mob: 0039 3 356 147 427 sara.bazzaretti@scapa.com | Ghiàlengo | Single Sided PVC | IA Automotive | Italian English |
| Christophe Chauvin | Tel: 0033 475 448506 Fax: 0033 475 448004 Mob: 0033 6 73 99 46 60 christophe.chauvin@scapa.com | Bellegarde | Double Sided & Transfer Tapes | IA Automotive P&G | French English German |
| Françoise Cuq | Tel: 0033 475 448517 Fax: 0033 475 448004 Mob: 0033 6 32 90 09 26 francoise.cuq@scapa.com | Valence | Double Sided & Single Sided Cloth Masking Tapes Building PVC | IA B&C | French English |
| Marie Delagarde | Tel: 0033 475 448527 Fax: 0033 475 448004 Mob: 0033 6 73 99 17 54 marie.delagarde@scapa.com | Rorschach | Single & Double Sided Tapes Specialist Films | IA B&C P&G | French German English |
| Nick Jones | Tel: 0044 (0)1582 474608 Fax: 0044 (0)1582 471085 Mob: 0044 07725 433092 nick.jones@scapa.com | Dunstable Luton | Medical adhesives, Films, Foams & Devices | Medical | English |
| Brice Ledun | Tel: 0044 (0)1590 68418 Fax: 0044 (0)1590 683728 Mob: 0044 07725 433093 brice.ledun@scapa.com | Lymington | Sealants | IA B&C Automotive | French English |
| Susan Robinson | Tel: 0044 (0)161 301 7558 Fax: 0044 (0)161 301 7565 Mob: 0044 07725 433095 susan.robinson@scapa.com | Ashton | Single & Double Sided Cloth Tapes Megotape | IA B&C Automotive Cable | English |
| Dudley Sawyer | Tel: 0044 (0)161 301 7564 Fax: 0044 (0)161 301 7565 Mob: 0044 07776 145442 dudley.sawyer@scapa.com | Ashton Columbine St | Megolon Megotape | Cable | English |
| James Shipp | Tel: 0044 (0)1582 474693 Fax: 0044 (0)1582 471085 Mob: 0044 07881582241 james.shipp@scapa.com | Dunstable | Single & Double Sided Tapes Foam AFT | IA P&G B&C Automotive | English |
| Pierre Tissot | Tel: 0033 475 448023 Fax: 0033 475 448004 Mob: 0033 6 32 90 10 66 pierre.tissot@scapa.com | Bellegarde | Automotive-harnessing | Automotive | French English |



Technical Service Europe Mission Statement

Our Technical Service Mission for Customers: -

1. We aim to provide technical solutions to all of our customers with our standard products
2. We aim to recommend the best standard product for any given application
3. We aim to strengthen relationships with Customers, the Commercial Team and Customer Care
4. Each Technical Service Team Member supports standard products manufactured and factored from their own site location to the whole of Scapa
5. We perform tests against specifications for selecting or approving a standard product
6. We develop and advise "best practice" application instructions for our standard products
7. We conduct comparative testing between our standard products and those of our competitors
8. We provide the technical content of Technical Data Sheets and Material Safety Data Sheets for standard products
9. We manage customer approvals and independent certification for standard products
10. We manage customer or market data bases such as IMDS and EU Directives for standard products

Very recently we have completely updated our **European Technical Service Folder** available in Outlook Public Folders and have added additional technical information that is available to all, for example:

- Certificates of conformity to European Directives. These are available in five languages, in a unified format. Requests from customers on this topic are becoming more and more important and now they can be answered quicker and more effectively by any Scapa employee
- A folder of alternative products cross referenced to old product codes

If a customer has a product code that does not exist anymore, or he provides an old Rotunda, Barnier, Adenax etc reference, this folder is there to help to suggest currently available products.

While continuing in promoting ourselves internally, we have been working over the last few weeks with Customer Care and the Sales Teams to define how we can **communicate our Technical Service function to our external customers**. We have also gathered some information from our telecom providers about **toll-free numbers** for Tech Service enquiries and we will decide the way to move forward by the end of July 2006. Our objective is to tell our customers how they can directly contact the Technical Service Team through the Scapa web site, commercial documentation and mail shots by October 2006.

By Christophe Chauvin - **Customer NOW!** sponsor



24 HR



Scapa 24HR (or Category X) is the new rapid order service from Scapa. In order to meet the demand for shorter lead times, we have built stock of key, fast moving products around our European sites.

These items are now available for dispatch in 24 hours.

After a few months of work we finally went live with the first mail shot of the Category X items.

The following actions have been now completed:

- Stock is in place for Cloth, Foam and Exafit in all locations
- Procedure on SAP is fully operative and Script is available
- Customer Service and Shipping are fully trained on the procedure
- Internal launch completed, Sales, Customer Service, Commercial Planners, Shipping, Product Managers are all fully briefed
- External launch completed in all languages by e-mail with more than 450 customers contacted. UK will be released end of July with around a further 200 contacts.
- Printable version of the leaflet available in PDF format in 5 languages.
- Exafit external communication to be completed ASAP.

Next steps:

- Category X is now an ongoing procedure and product status for Scapa
- An instruction will be released to Commercial Planners, Product Managers, Commercial and Customer Service defining how this new Product Status will be managed from now on, in short summary:
"Product Managers are the owners of the stock, they will agree with sales if a product/range requires a CAT X status in a specific region. Once agreed, the new stock must be sanctioned by the SET. Implementation of the stock is under the responsibility of Commercial Planners."

The first orders of CATX products have been received and we hope many other orders will follow.

By Sergio Colonnelli - **Customer NOW!** Sponsor

Product Range Improvement

Since the last issue, the new Product Managers have settled into their new roles and are working hard with both the Sales and Operational sides of the business to ensure sustainable, profitable growth for their ranges. Various projects that will give significant additional turnover and margin are being worked on, and at the same time great efforts are being made to improve the clarity and understanding of the range, both internally and externally.

Product training is a key part of this, and each Product Manager is devoting part of their time to review training materials and put together new training programmes. These will be rolled out as part of the Europe-wide training programme, which started with Foams at the end of June and will continue with Sealants in October it is the intention that these will also be available via the IT network, and the facility will also exist to do more specific local training of smaller groups where appropriate.

Another key target is to improve the quality of selling tools and work has now begun on a new competitor product database which will be linked to the Product database. This will allow searches to be made by competitor reference which would give the closest equivalent Scapa product and, where available, comparison reports which give details of our strengths and competitor weaknesses. A meeting in July with representatives of the Technical Service Team will define the format and timescales of this project.

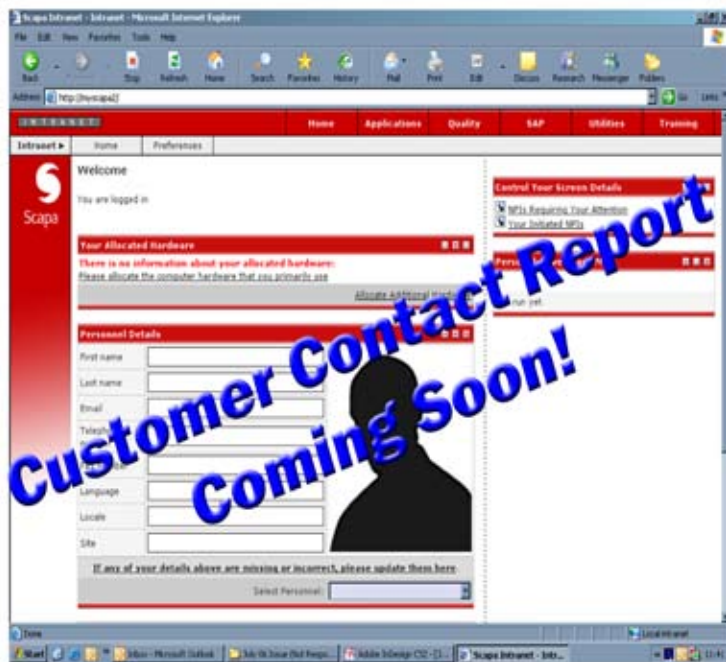
Pricing guidelines is also a key priority. As we move forward with the business it is essential that sales growth is matched with margin growth and discipline on pricing is key in this. The team are currently looking at all options to deliver as much as possible as quickly as possible. Pricing is a complex area where decisions can have long-lasting implications so it is essential that the guidelines are only rolled out to the business when the Product Managers are happy that all necessary considerations have been taken. As part of this project, we will be looking at a new Intranet based price query program which will run alongside the Product Database and make access to pricing information quick and easy meaning that we give good response times to the customer whilst ensuring that we are getting a good price for Scapa.

By Neil Radcliffe - **Customer NOW!** Sponsor

Customer Contact Report

Throughout Scapa Europe, we have contacts with Customers at many levels, but the details of these contacts are not formally recorded. Most sales employees keep their own records, which are not easily accessible when the sales employee is travelling. In cases where formal reports are produced, they are generally in a WORD or EXCEL format, and it is very difficult to search these reports for relevant information. For example, if the Product Managers wish to understand the comments reported by our customers for a specific product, they will need to read every report in order to check if there is a mention of the product in which they are interested. Clearly this is completely impractical, so we effectively 'lock away' our market intelligence.

Consequently there is a need in the business to have a more structured means of reporting contacts with Customers and discussions regarding products.



We have now developed a **CUSTOMER CONTACT REPORT** that has been rolled out via the Intranet. It is envisaged that the primary users of this report will be the external Sales employees and Technical Service employees, although Customer Care employees will also use this system to report Customer Survey results.

The system has been designed so that much of the information is compatible with SAP, and attempts have been made to minimise the amount of 'typing' needed to complete the report. The report is available in English, French, Italian, German and Spanish and the individual reports can be compiled in the national language of the reporter.

Product Managers, Sales Managers, Customer Care staff and Technical Managers will be able to easily search the system to quickly identify relevant reports.

This new system of reporting was rolled out at the beginning of July.

By Jack Taylor, Global Cable BU Director



The Automotive Team held its Annual Global Sales Meeting in Italy in May.

It commenced with a site tour of Ghislarengo followed by discussions on Global PVC opportunities and a review of future trends for the Halogen-free Autolon project in the wiring harness industry.

Other topics up for discussion were: - sales results, budgets, strategic marketing teams, market opportunities and application case histories. In addition, the team visited the Fiat Factory in Turin.

Each year the Automotive BU present awards for outstanding work within the business unit.

This year they were awarded as follows: -

| | |
|------------------------------------|---|
| "Sales Growth of the Year" Award : | Mauro Dagna |
| "Sales Person of the Year" Award : | Ivan Hoole |
| "Team Member of the Year" Award : | Mike Clements (from Scapa NA) |
| "Lifesaver of the Year" Award : | Pierre Tissot (Scapa Valence) & Bob Floyd (Scapa Renfrew) |





Mauro Dagna receiving the Sales Growth of the Year Award



Ivan Hoole receiving the Sales Person of the Year Award



Mike Clements receiving the Team Member of the Year Award



Pierre Tissot receiving the Lifesaver of the Year Award



New Hardware for SAP



It may be difficult to believe but it is now over six years since the start of the project to implement SAP for Scapa Europe. The servers bought to run SAP are reaching the end of their useful (reliable) life. As the size of the database has grown and we continue to expand what we do on SAP, response times for SAP users have started to slow. This is especially true for transactions that require a lot of processing such as planning and ZOVERDUEN. As a result, the decision has been made to replace the exiting system with new servers.

Improvements in technology mean we can replace the existing six servers system with four smaller but more powerful servers and an improved backup device. This system will cost less to maintain and the savings we will make on support costs will more than pay for the new system.

The new servers are now on order and (while the detailed project plan is currently being finalised) we anticipate that by October the new servers will be running SAP.

Once the project is complete we will see;

- faster responses for all SAP users;
- higher SAP availability at nights and weekends, as less time will be needed for backups
- Sufficient disk capacity to last Scapa for another five years growth.

By Mike McClure, European SAP Business Support Manager

Network Server Refresh.

We are in the process of installing new network servers across all Scapa sites in Europe.



These are the servers that we use for public and shared folders, network printing and personal 'U' drives. The overall objective for this project is to not only upgrade the server hardware but also to install the latest Microsoft operating software and Exchange 2003.

The server hardware that we currently use is owned by CSC and is approximately 6 years old. It is insufficient, exhausted its useful life, increasingly unreliable and requires replacing. The Server environment is the backbone of the Scapa IT infrastructure and failure risk is reduced if this backbone is upgraded before we look to upgrade PCs.

We have used a UK based Microsoft expert IT company, Ultima, who have worked with James Henessey, Mark Brookes and Ben Pearson on the roll out of a very complex environment.

Those working on this project have experienced tasks that have lasted well into the night and weekends and its thanks to their effort and the patience and understanding of employees from all

sites that to date Lymington, Dunstable, Valence, Bellegarde, Ghislarengo and Mannheim are all live on the new platform and the project is scheduled to complete early August 2006 on time and under budget.

The new servers will continue to be supported by CSC and server numbers were reduced from the current 36 down to 19 representing a significant short-term saving and improving future IT options.

Our thanks to all involved in this project.

By James Hennessy - European IT Manager