



“The first challenge for us as a family business is to ensure the company’s long-term stability and provide safe workplaces for local people.”

Bogomir Strašek,
General Manager, KLS Ljubno

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Bogomir Strašek

KLS Ljubno

When family businesses look back at their history, they often say that they survived difficult periods thanks to the strength of the family's values and culture. One such business is KLS Ljubno, a Slovenian car components manufacturer. Today, it is one of the world's most successful producers of ring gears for engines, but it has experienced some difficult times getting to where it is now. Owned and run by two generations of the Strašek family, KLS is one of Slovenia's economic success stories.

Automotive component manufacturer are at the heart of the global economy. Many of them are family controlled, and one of the most successful of these is the Slovenian company KLS Ljubno. The manufacturer of starter ring gears for engine flywheels, KLS Ljubno is more than 40 years old, and is owned and run by the Strašek family.

Founded as a state-owned metallurgical plant in the Upper Savinja Valley, around 40 miles northeast of Ljubljana, Slovenia's capital, KLS became privately owned a few years later. Bogomir Strašek, who is the company's General Manager, has been the driving force behind the dynamic progress of KLS since its foundation. Bogomir saw the huge potential in making ring gears for engine flywheels and went about converting the factory to manufacture them. That vision paid off and, today, KLS makes around 60% of all ring gears for the European automotive sector and accounts for 15% of global production. In fact, KLS ring gears are in engines of more than 30 different car manufacturers around the world. Altogether, KLS exports around 95% of its production, with China increasingly becoming a major market. With 240 employees, KLS had revenues of €42 million in 2016.

It reached its present position because its products are of exceptional quality. Their quality results were less than 0.5ppm for two consecutive years. For example, German-based

Schaeffler Group, the world's biggest producer of dual-mass flywheels, awarded KLS three times. A year ago, it honored KLS with the status of "strategic partnership." KLS was the only European manufacturer to receive this high award.

A steadfast commitment

Although KLS is a well-established and successful business today, the company has gone through some very difficult times. And it was only through the sheer determination of Bogomir and his family that the business continued to trade during these years. In 1990, one of its major customers went bankrupt, an event that saw demand for KLS products fall by 40%. In the same year, floods in the Savinja river caused KLS's factory to shut down for two months. And over the next two years, as Eastern Europe entered a period of economic turmoil while the region was transitioning to market-based economies, KLS saw demand drop by a huge 90%.

"During the economic crisis of the 1990s, our father had to work all the time to get things back on track," says Nataša Strašek, one of Bogomir's two daughters who work at KLS. "These were difficult times, but we did not complain because we understood even back then what was at stake and that our father needed the support of the family." The business pulled through and, by the mid-1990s, started to win some big



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Bogomir Strašek is pictured in 1977 inside the workshop of TOZD Kovinarstvo, the predecessor of KLS Ljubno.

orders from car manufacturers: for example, for Fiat flywheels. And soon, orders flowed in from big-name manufacturers in Germany and France. So, by the 2000s, the family's hard work and commitment had begun to pay off.

The Strašek family says that its strong sense of values has been critical to KLS's success. "It is about our core values," says Barbara Strašek Mirnik, Bogomir's other daughter who works at KLS, "Which are enshrined in our business policy. This policy consists of the following pillars: a business culture based on the principle of self-respect; a code of ethics; a long-term, stable and successful business; constant progress and development; and increasing competitiveness in the market. From these, it is our business culture that has often made the difference."

She adds: "The principle of self-respect means that, if you do not respect yourself, you cannot respect others. If you do not respect others, you cannot expect others to respect you. We understand respect more broadly, not just in ethical terms. For us, respect is the basis for long-term successful work and

collaboration, as well as the condition for excellence in business. Our partners have shown their appreciation of our business culture on several occasions. And this has enabled us to build fruitful long-term business relationships with them."



The Upper Savinja Valley, near Ljubljana, is where the company has its headquarters.

Stakeholder values

A strong belief in the importance of stakeholder values runs through the culture of KLS, and this has been critical to the company's success. "The first challenge for us as a family business is to ensure the company's long-term stability and provide safe workplaces for local people," says Bogomir. "We have gained our customers' confidence and trust as well. And, on this basis, we also managed to gain an increase in orders and strategic partnerships."

The family say they work very closely together, which provides an informal family governance structure. "As a family, we are closely connected," says Nataša. "We have close daily contacts and relations in private and business life, which we have developed over many years." And the family's values and



Inside KLS production, from left to right are Samo Mirnik, Bogomir's son-in-law and CEO; Franci Bevc, Bogomir's son-in-law and, who is responsible for the development and production of the rings gears.



Bogomir Strašek is pictured here with his daughters: Nataša Strašek, from the Sales and Communication team, on the left; and Barbara Strašek Mirnik, CEO, on the right.

“Without innovation, we would not be able to keep up with the pace of our global competitors. We are focused on product innovation, process innovation, reinventing or innovating the business model to face up to market changes, and using advanced production and IT technology.”

Barbara Strašek Mirnik

culture are being passed on to the next generation. “We try to educate our children, the third generation, with the same values as our parents taught us,” says Nataša. “To be honest and fair, and to respect yourself and others. In addition, we all have a strong work ethic and are dedicated to our business, which our children also feel on a daily basis.”

In the fast-moving world of the automotive sector, innovation plays an essential role in businesses such as KLS. And Barbara says innovation is central to the company’s culture. “Without innovation, we would not be able to keep up with the pace of our global competitors,” she says. “We are focused on product innovation, process innovation, reinventing or innovating the business model to face up to market changes, and using advanced production and IT technology.” As part of this commitment, KLS recently opened a new logistics center, designed to increase the company’s capacity considerably. “The new facility is a part of our growth plans that will help KLS to achieve our goal of gaining more than 20% of the global share in the production of ring gears,” says Bogomir. In addition, KLS is introducing production ranges of other products for the automotive industry and will continue to do so in the years ahead.

KLS operates in one of the most fiercely competitive sectors in the world. Many factors underline its success, but the culture and values of the Strašek family are up there among the main ones. Those values are now being passed on to the third generation, and the legacy that generation will inherit should underpin KLS’s success into the future.



Bogomir Strašek, pictured outside the KLS Ljubno headquarters, has been the driving force behind the dynamic progress of KLS since its foundation.

Bogomir Strašek

General Manager

Company name: **KLS Ljubno**

Generations: **First and second**

Founded: **1974 in Ljubno ob Savinji, Slovenia**

Industry: **Automotive**

Employees (2016): **240**

Revenue (2016): **€42m**