

A Tribute to the Memory of
Hans Werthén

1919–2000



By **Ronald Fagerfjäll**,
journalist and writer

Royal Swedish Academy of Engineering Sciences (IVA)

A Tribute to the Memory of

Hans Werthén

1919–2000

Presented at the 2024 Annual Meeting of the
Royal Swedish Academy of Engineering Sciences

By

Ronald Fagerfjäll,
journalist and writer

Contents

Foreword 5

The Man Who Saw Both Technology and Business 7

A Cycling Radio Repairman
from Entrepreneurial Sweden 9

Father of Sweden's First Colour TV Transmitter 13

Mentored by Marcus »Dodde« Wallenberg 16

Saviour in Times of Need 19

Expansion and Acquisitions à la Werthén 23

The Acquisition of Facit 26

The Breakup of the Giant Gränges 28

A Quest for World Leadership 33

Legacy and Heritage 35

Sources 38

Foreword

Each year the Royal Swedish Academy of Engineering Sciences (IVA) produces a booklet commemorating a person whose scientific, engineering, economic or industrial achievements were of significant benefit to the society of his or her day. The person recognised in the booklet must have been born at least 100 years ago. The Commemorative Booklet is published in conjunction with the Academy's Annual Meeting.

This year we acknowledge Hans Werthén (1919–2000) for his unique contributions as an industrial leader. His approach to both strategic and operational company management set a standard for several generations of future industrial leaders. During Hans Werthén's tenure as CEO and later as Chairman, the Electrolux Group developed into a world-leading company.

We would like to extend our sincere gratitude to Ronald Fagerfjäll, journalist and writer, for the time and effort he has dedicated to this year's Commemorative Booklet.



Sylvia Schwaag Serger
President of the Academy



Gabriel Urwitz
Chair of the Medal Committee



Hans Werthén points to the Alpine peak Matterhorn, which he himself has climbed.
Photo: Gunnar Lundmark/SvD/TT.

The Man Who Saw Both Technology and Business

“Hans Werthén squinted with his porcelain eye while his healthy eye looked at me with an expectant expression. It was as if he had been waiting to meet me specifically.”

This is how several Swedish business leaders described their relationship with Werthén, one of Sweden’s legends in corporate management. Hans Werthén (1919–2000) had an unusual ability to “see people” while broadening their perspectives to encompass both technology and business.

It may sound obvious in 2024, but it wasn’t just in Sweden that a sort of polarization between engineers and businessmen emerged after the world wars. Developing technology was considered more prestigious than selling products.

It took a confident TV technician from an entrepreneurial family to dare question the static thinking that made many of the large companies of the time both inflexible and unprofitable.

Hans Werthén was both an engineer and a salesman, demonstrating how companies that wanted to survive needed to lead in their industries. Those who did not take over competitors would themselves be acquired. As CEO and Chairman of the home appliance company Electrolux, he uniquely combined his extensive knowledge and

creativity in product development and strategic business development with a rare ability to lead. During his tenure, the Electrolux Group developed into the world's leading home appliance company. In many ways, Hans Werthén set the standard for strategic business development by strongly emphasizing the importance of market dominance, which among other things, led to the Electrolux Group making around 200 acquisitions under his leadership.

Hans Werthén also set the standard for management culture. The so-called “Lux culture” was characterized by minimal bureaucracy, a flat organization, quick decisions, and a strong focus on business and market.

Werthén continues to be talked about a quarter of a century after his death. The unique culture made Electrolux a breeding ground for successful leaders in the business world and laid the foundation for several successful companies.

At a time when many industrial leaders still clung to titles and barricaded themselves behind secretaries, piles of phone messages, and traffic lights on office doors, Hans Werthén was on a first-name basis with everyone. Long before the era of mobile phones, it was perfectly fine to call him directly on his personal number.

On Werthén's office wall, which had hardly ever been repainted, hung a framed black-and-white photograph of the Matterhorn peak where he and his family went mountaineering in the summers. Mountaineering was a sport where he was not handicapped by his lack of depth perception as he was in ball sports.

Interviewing Hans Werthén was not easy. If he didn't like a question, he would gladly

respond with a joke or an aphorism explaining why that particular question was irrelevant. In our time, he could have become a stand-up comedian.

But beneath the good-natured glint, there was a hint of steel. Werthén was not a person who “exalted himself,” but neither was he someone you could try to push around. The employee who eloquently requested funds for the wrong thing might hear the example of the village shoemaker who wanted to cut a piece off the heel of a customer when the shoe didn’t fit. In the future, the employee would be more cautious.

A Cycling Radio Repairman from Entrepreneurial Sweden

The name Werthén originates from the Habo region on the southwestern shore of Lake Vättern, where Hans’ grandfather, Frans Johansson, started a small wool-spinning mill in 1882. Frans and his wife Tekla, who changed their surname to Werthén, had a dozen children, all of whom reached adulthood. Most stayed in Habo, while three settled in America.

Oscar, who would become Hans Werthén’s father, was the second eldest of the siblings and studied to become a textile engineer in Borås. Six years before the First World

War, he was sent to the United States for practical training. Two of Oscar's younger brothers, whom he persuaded to join him, remained there. However, Oscar soon returned home and began working at the nearby Husqvarna Weapons Factory.

He soon moved on to work with pneumatic technology at the company Atlas, which would later become part of Atlas Copco. Around the same time, he met the lively girl from Kalmar, Mabel Evans, born in the Swedish settlement of Evanston, Illinois, USA, who had come to Sweden with her mother as a one-year-old.

The young couple "took a liking" to each other, and since the strong-willed Mabel wanted children, they quickly married. In the summer of 1919, Hans was born in Ludvika, where his father Oscar had just started a new job as a workshop manager at the company Asea.

In 1920, the family moved to Falun, where Oscar had become the manager of a small screw factory, which soon went bankrupt due to the problems following the outbreak of the First World War. Worse still, the couple had invested their savings in leveraged shares in the industrial company Gränges. When the stock market crashed, it wasn't just the Werthén family that suffered. One-third of all Swedish entrepreneurial families had to hand over their leveraged shares to the banks.

To make matters worse, a nanny dropped little Hans on the floor, breaking his nose and causing him to lose one eye. When little sister Sonja arrived in the family in 1923, the situation must have seemed quite bleak.

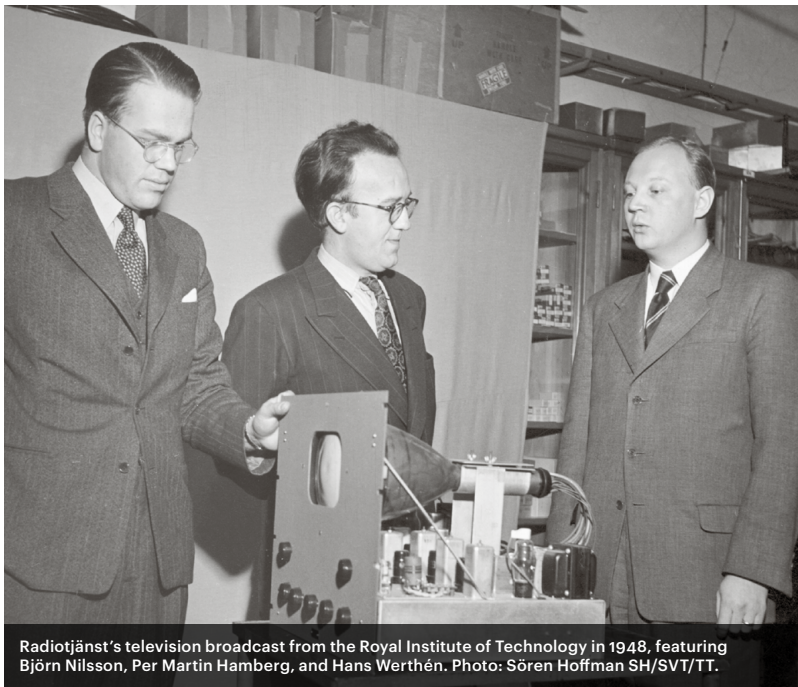
But Mabel was not one to give up. She first sold the family's piano at a good profit, allowing her to start importing other cheaper pianos from Germany. She then organised

organists and music teachers in the area, who received a commission if they could help find customers. At the time, the piano was something of a status symbol, but it could be bought by those who, despite the hard times with high unemployment and bankrupt companies, had managed to keep their jobs.

The next step for entrepreneur Mabel and her sales team was the radio, the new consumer product of the time alongside the vacuum cleaner. Hans was not even a teenager when, from 1930, he began cycling around the area as a radio repairman for his mother's small company. Without a natural fear of heights, he could climb up and install antennas on rooftops.

Mabel's drive and Oscar's cautious approach to business steadily improved the Werthén family's finances. Oscar was described as quiet and kind, while Mabel was described as powerful, headstrong, humorous, and a "brilliant conversationalist." It seems obvious in hindsight who Hans Werthén took after.

Hans also showed academic talent and graduated with several top grades. In the autumn of 1938, the 19-year-old student was admitted to the Royal Institute of Technology (KTH) in Stockholm, to study electrical engineering. His parents rented him a flat in Gärdet, within convenient cycling distance. His younger sister Sonja would also live there and study at Pålhmans Commercial Institute, while also preparing meals for Hans. Hans Werthén, who had early on, more than most of his peers, gained great respect for women's competence, now barely learned how to boil an egg.



Radiotjänst's television broadcast from the Royal Institute of Technology in 1948, featuring Björn Nilsson, Per Martin Hamberg, and Hans Werthén. Photo: Sören Hoffman SH/SVT/TT.

Father of Sweden's First Colour TV Transmitter

At KTH, Hans Werthén met the talented Björn Nilsson, who became his lifelong friend. They spent more time on studies than on leisure and student life, which allowed both to complete their degrees in three years and manage their military service before continuing their studies in the newly established licentiate programme in 1942. Werthén was, for a time, a research assistant to the future Nobel laureate in physics, Hannes Alfvén, who was then a professor of theoretical electrical engineering. Werthén also acquired good knowledge of French and Spanish, alongside the English and German he had previously learned in school.

Hans Werthén and Björn Nilsson wrote a joint licentiate thesis on impedance (the electrical resistance of an alternating current) and had it approved in August 1946. Their professional careers could begin. "I was not a business leader from the start," Hans later recounted. "For the first 13 years, I always had a soldering iron in my hand."

That summer, the friends travelled to the USA to attend a course in TV technology. Their travel report after six months marked the beginning of KTH's TV research. A new TV technician, Olle Franzén, also joined the team.

Hans Werthén built Sweden's first TV transmitter while Björn Nilsson was responsible

for the camera technology and Olle Franzén for the TV receivers. By the autumn of 1947, they were able to conduct fairly professional TV broadcasts from KTH.

However, it would take another ten years before Sweden started regular TV broadcasts. By then, Hans Werthén and his friends had already moved on to the private sector.

Werthén's first task there was to single-handedly construct Sweden's first colour TV transmitter at the gas company Aga, which at that time was developing technology for mobile phones, medical technology, TV, and much more. Werthén wanted to devote himself to this task undisturbed until 1 pm each day, during which time no one was allowed to contact him. Seeing and adjusting the many components in harmony required a continuous thought process without interruption.

After working at Aga for four years and constructing his transmitter, Hans contacted his friend Olle Franzén, who was now the sales manager at the Dutch radio and TV giant Philips, and asked if he could arrange for Hans to acquire the position as development manager at the subsidiary Nefa in Norrköping. He got the job and focused in that role on "the simplest things" to create profitability.

"They had a string around the packaging of the Philetta transistor radio that was strong enough to hang a man. I removed it and made the packaging cheaper. And when I also replaced the fancy wooden case with a plastic one, it became one of the company's most successful products," Hans Werthén recounted.

In his private life, Hans Werthén met economist Britta Ekström in the mid-1940s. Britta's mother, Greta, was the sister of the engineer, business leader, and financier Ivar Kreuger,



Hans Werthén with his wife Britta and daughters Marianne, Lilian, and Louise at their apartment on Karlavägen in Stockholm in 1972. Photo: Claes-Göran Carlsson/EXP/SCANPIX/TT.

and her father, the civil engineer Gunnar Ekström, had been a prominent figure within the Kreuger group. Like everyone else in the sphere around Kreuger, Britta Ekström's father was directly involved in the Kreuger crash following the financier's death in 1932, which was a shocking experience for the family.

Britta and Hans married in 1950 and had three daughters: Marianne in 1951, Louise in 1955, and Lilian in 1962. Marianne became a civil engineer, while Louise and Lilian trained as economists and pursued careers in business. The daughters grew up in a home where their mother, Britta, managed both the family's stock portfolio and household finances with a firm hand. She was assisted by one of the very first home computers.

Hans Werthén's trust in his wife's abilities was almost limitless. He was most likely the only major corporate leader in Sweden at the time who lacked a personal chequebook and received his pocket money allocated by his wife.

Mentored by Marcus »Dodde« Wallenberg

The reputation of the creative development manager at Swedish Philips eventually reached Marcus "Dodde" Wallenberg – banker, business leader, and the most significant representative of the Swedish industrial tradition and Swedish business in the 20th century. They first met in 1959, and Werthén was offered the position of production director

at LM Ericsson, which had by then developed into one of the world's leading telecommunications companies. The company's success was partly due to the mechanical switch that LM Ericsson had developed in collaboration with Televerket during World War II.

Hans Werthén later testified how he quickly came to see "Dodde," as close friends called Wallenberg, as his mentor in business, and their contacts became increasingly frequent over the years.

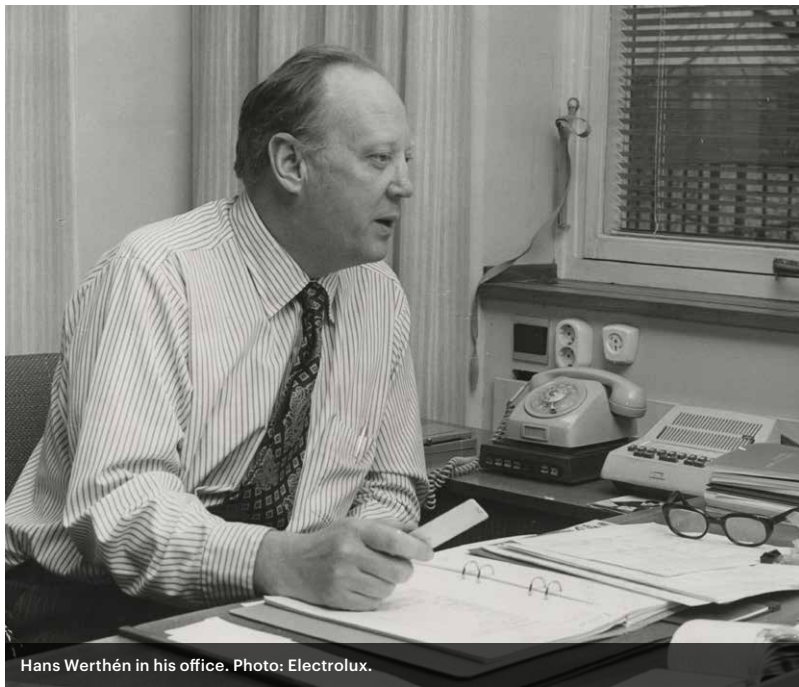
"I went up to him before every major deal, and he helped in various ways. He taught me EVERYTHING I know, to be exact."

Being part of the "Wallenberg club" gave Werthén "an enormous amount of knowledge and impulses" and in addition a vast international network.

The major problem for LM Ericsson's new production director was to secure production capacity for the switches. At that time, Sweden had tax-favoured investment funds that, after government approval, could be used in areas with high unemployment. Werthén saw the opportunity and quickly started production in all the premises he could rapidly acquire; about twenty small facilities that would be quite short-lived, including a bathhouse in Visby.

Hans Werthén would later return to the telecommunications company as chairman of the board, but now his mentor wanted him to tackle another problem area, namely the white goods company Electrolux.

The global Electrolux thrived on its profitable vacuum cleaners and the tall so-called combination refrigerator, a favourite in the Swedish million housing programme in the



Hans Werthén in his office. Photo: Electrolux.

housing market. But elsewhere in the business, there were only threats and problems. The new stove factory in Motala faced competition from several smaller manufacturers fighting to survive. And why shouldn't foreign competitors soon be able to attack the combination refrigerators as well? Now, tough measures were required.

Saviour in Times of Need

“Werthén arrived at the office at dawn, introduced Saturday meetings for employees in Sweden and Sunday meetings abroad for himself and the foreign management teams. Initially, he worked constantly and travelled extensively himself, but halted other travel within the company as frivolous travel had become the norm. Travelling in groups became something ridiculous in Werthén's Electrolux. A manager who couldn't travel without an expert didn't need to travel at all.” This is how one of the highly impressed new employees, civil engineer Sven Gurt, described the new boss much later.

When Werthén took over as CEO of Electrolux in 1967, he came to a company in crisis. One of his first measures was to personally handle all media contact. The head office staff also had to move from the prestigious headquarters on Birger Jarlsgatan to the old vacuum cleaner factory on Lilla Essingen in Stockholm. The entire management

team then moved in from other addresses in Stockholm, in stages between 1969 and 1972. Hans Werthén himself ordered a bathing ladder outside his new office and took a swim in front of a newspaper photographer to demonstrate the office's attractive location.

Wallenberg's concerns about the state of Electrolux were confirmed. Regarding the market situation, Werthén expressed himself grimly: "We are too small to compete with the big ones and too big for a niche of our own. Europe is full of small, bankrupt white goods companies. The only way to get Electrolux properly on its feet is to clean up the entire industry."

20 The mistrust between the old global vacuum cleaner company Electrolux and the new domestic market-oriented Elektro-Helios persisted after the merger of the two companies a few years earlier. The only profitable product was the vacuum cleaners. "They accounted for 125 percent of the group's profit, to be precise. The rest was unsustainable," Werthén noted.

The focus was on reducing costs and freeing up capital. The first deal had to be defensive. Together with Marcus Wallenberg, Hans Werthén divested the 38 percent minority stake in the separate American vacuum cleaner company that founder Axel Wenner-Gren had never sold to Consolidated Foods. The American company got the right to the Electrolux brand in the USA in exchange for the Swedish group freeing up 290 million kronor to strengthen the balance sheet.

Just a few years after this deal, Consolidated Foods returned and wanted to buy the



Hans Werthén frying eggs on the Electrolux stove at home in 1985.
Photo: Tommy Pedersen/XP/SCANPIX/TT.

rest of Electrolux. The story of Hans Werthén could have taken an American turn there, but the then Social Democratic government said a firm no. They wanted to keep Electrolux Swedish. Instead, Hans Werthén would continue working in line with his emerging strategy with the goal of conquering all of Europe and North America.

To reduce the high costs, Hans Werthén took measures that resulted in a cultural revolution at the bureaucratic Electrolux. Offices at expensive addresses were sold, and the private offices were replaced by an open-plan office landscape on Lilla Essingen. Gone were the days with janitors, secretaries, and company cars. Hans Werthén made everyone understand that the company was in crisis and led by example.

He was also well aware that he was not complete as a leader and needed to delegate. By his side, the visionary Werthén had his comrade-in-arms and organiser Gösta Bystedt. They complemented each other exceptionally as Werthén's creative ideas needed to be sifted without prestige.

There were two more highly trusted employees in Werthén's inner circle, the older economist Harry Eriksson and the younger production manager Anders Scharp. Electrolux was long managed smoothly by this quartet and later by the trio of Werthén, Bystedt, and Scharp.

Together, they formed a complete management team, and despite many attempts to recruit both Bystedt and Scharp to other ventures, the trio stayed together. One of their first important measures was to build a new unified accounting system. Monthly reporting was introduced, and any subsidiary manager who couldn't explain deviations

could expect a call from Werthén. The accounting system held the group together and is an important reason why all acquired companies could be so easily integrated. During Hans Werthén's first ten years at Electrolux, 62 companies were acquired, and before he retired, it would have been around 200.

Expansion and Acquisitions à la Werthén

At the time, the European white goods market was dominated by a few large companies, while numerous smaller ones competed in their local markets. The strategy of the Electrolux quartet was to acquire competitors to increase market share. With increased volumes, competitiveness would be strengthened.

They cautiously began by acquiring Nordic companies such as Ankarsrum, which manufactured stoves, Bencoverken, which produced dishwashers, the Swedish cleaning company Asab, the lawnmower manufacturer Flymo, the remaining part of the Norwegian stove manufacturer Elektra, Håkansson's Industrier, which produced stoves, refrigerators, and freezers, and the Danish company Hartmann, which dealt with steel fittings and material handling.



Electrolux at Lilla Essingen in Stockholm. Photographer unknown.

The acquired companies had side businesses and assets that Werthén quickly realised he could sell off. For example, Ankarsrum owned 5,000 hectares of forest, three power plants, farms, and other properties. When everything was sold, the new owner had made a profit of 25 million kronor. More similar examples would follow. Electrolux thus emerged as Sweden's first modern venture capital company.

The crowning achievement among the acquisitions in the Nordics was the purchase of Husqvarna in 1977. Husqvarna, which was almost as large as Electrolux, was struggling with significant group losses, and the Electrolux management's offer was reluctantly accepted by the pressured owners.

Within Electrolux, Husqvarna's sewing machines continued, while the white goods were integrated as premium products within the Electrolux range, often with minor differences. At the end of the production lines in Mariestad, someone would be sticking different brand labels on essentially identical products.

In the chainsaw sector, an international market leader was built through the acquisition of competitors Jonsered and Partner. However, Husqvarna's motorcycles were later sold to an Italian company.

Just like Ankarsrum, Husqvarna owned large dormant resources in forests, properties, and power plants, which were sold off at a rapid pace. While Swedish industrial leaders queued outside the new conservative government's "industrial emergency room," Electrolux instead freed up its own funds to invest in expansion. Strategy à la Werthén.

The Acquisition of Facit

During the structural industrial crisis of the 1970s, which hit Sweden hard, Werthén's major challenge was not only to streamline production but also to try to free up capital from dormant assets in companies he could acquire. There was no other way to justify the spectacular acquisitions of Facit and Gränges.

In 1972, one of the post-war boom companies, Åtvidabergs Industrier, which had changed its name to Facit, after decades of success, began to report first declining profits and then large losses.

26

The main product group, "Mechanical Calculators," not only dramatically lost volume but also declined in value-added, as expensive mechanical components could be replaced with imported and cheap electronic ones.

The CEO from the owning family, Gunnar Ericsson, was a liberal politician, like his father, and did not want to cut staff. Thus, a well-consolidated group, almost as large as Electrolux and more reputable, ended up in total ownership chaos within a few months. Electrolux entered the discussion in the autumn after being offered to buy part of the business. But why not take the whole company?

Werthén demonstrated to the shareholders that it was possible to sell the forest holdings for 17 million, various properties including the headquarters in Stockholm for 12 million, and additional sales with capital gains of 35 million kronor. Thus, Electrolux had



A relieved Gunnar Ericsson with Hans Werthén at the press conference where they announced that the Facit – Electrolux deal had been completed. Photo: Olle Seibold/DN/SCANPIX/TT.

roughly the entire purchase price financed. On the plus side, Facit's losses could later be used to keep taxes down for the entire group.

However, the historical outcome of this deal is that the operations in the extensive new problem group drained too much of Electrolux management's remaining capacity. Facit never really got back on its feet despite all their production changes and clean-ups. The deal contributed very little to the development of the Electrolux group.

All of Sweden's various grand ventures in data and electronics would fail except in the cases of LM Ericsson's electronic switch and Asea's robots. American and Japanese competitors simply became too strong. The data industry had been something of a pet project for Marcus Wallenberg. That the new confident Ericsson would take over Facit for 220 million kronor in 1983, the year after Marcus Wallenberg's death, would formally make Facit a profitable deal for Electrolux but would overshadow Hans Werthén's later career as chairman of the telephone company.

The Breakup of the Giant Gränges

As early as 1974, Hans Werthén left the CEO position to become the working chairman of Electrolux. He was probably worried that Asea's strongman Curt Nicolin would otherwise take the chairman's seat.

Werthén's solution was to promote Gösta Bystedt to CEO. Perhaps he regretted it as fewer matters came to his own desk. But he had time to consider an offer from the disaster-stricken Gränges, Sweden's most reputable company.

Sometime at the beginning of the major crisis year of 1977, Gränges' chairman Erland

Waldenström called Marcus Wallenberg and asked if Hans Werthén could join his board to share his experience in corporate restructuring. But it came at a cost.

“You can join the board, but you must become chairman,” was “Dodde’s” message to Werthén after this call. The old mentor, then 77 years old, had great respect for Werthén, even though he sometimes saw him as independent and self-willed.

The steel and mining giant Gränges had been forced to sell its part of the mining company LKAB to the state in 1956 under a 50-year-old option agreement. Gränges then spent the billion it received from taxpayers to build steelworks, open mines, and expand within basic industry at a time when new competitors from Japan, Australia, and Brazil began to press prices.

Gränges was truly a people’s stock with 62,300 Swedes as co-owners. Of the larger shareholders, the Wallenberg sphere represented only two percent. There were also no points of contact between Electrolux and Gränges, other than that Gränges Nyby rolled some sheet metal for sinks that could be assembled with the kitchen appliances manufactured by the Electrolux group.

When Werthén took control of the leading company in the basic industry, he brought with him the rationalisation consultant Bo Abrahamsson from the Incentive group, who became CEO of Gränges from 1977.

Abrahamsson and Werthén did not rest on their laurels. The balance sheet was reduced by over 1.4 billion kronor in a single year. Committees and investigations were banned, and several officials were let go. In two years, the entire Gränges would be

slimmed down by 10,000 employees to about 19,000. The leadership duo managed to reduce losses by 600 million kronor, mostly explained by the state's swift assistance.

Oxelösunds Järnverk, Gränges Gruvor, and TGOJ could be sold directly to the state, while Gränges Offshore and Gränges Engineering were closed down. Major cutbacks were also made in Gränges Hedlund.

Scan-Gobain Glass A/S was divested when Gränges completely exited glass manufacturing. The shipping company's vessels were sold off. The properties at Gustav Adolfs torg, the headquarters since the 1920s, got new owners. There is no room to go into all the details here.

Over time, Werthén began to consider how Electrolux could benefit from Gränges' assets. Couldn't surplus from hydropower and other sources be used as expansion capital?

The problem was that Marcus Wallenberg would hardly agree to such a deal. But Werthén showed his strategic mind by hinting an interest in a major merger, in the presence of financier Anders Wall. The idea was, of course, to spark speculation in Gränges shares that could stress Wallenberg. And that's exactly what happened. At "the old man's request," a hastily cobbled-together Electrolux bid for Gränges was arranged in January 1980.

Electrolux's bid of 725 million kronor was financed with so-called convertibles. Gränges not only had sellable assets but also an accumulated loss carryforward of 700 million kronor. The deal received government approval in October.

Gränges was incorporated into Electrolux as the second-largest operation with a

quarter of the turnover, but with the worst margin. But considering the upcoming devaluation, which Werthén could not have known about, this bid later appeared as a masterstroke. Few companies had as much to gain from a devaluation as Gränges. What remained of Gränges mostly involved Gränges Aluminium, Svenska Metallverken, and contract operations within large facilities, such as ports and mines. The industrial companies Wirsbo and Gränges Weda were, however, under development.

The power and land company, on the other hand, appeared as pure gold reserves. Although the operations only earned a few tens of millions of kronor each year, buyers of such secure assets were satisfied with low returns. In 1981, the entire power industry was astonished when Vattenfall paid prices that no one had previously come close to. This changed the entire view of the Swedish power industry by radically raising price levels. Vattenfall's management's idea was to raise price levels so that not just anyone could "find bargains."

For the various assets, Electrolux received two billion kronor, but the government required, to approve Vattenfall's purchase of Gränges Kraft, that Gränges inject an additional 375 million kronor in share capital into the new steel company SSAB and 150 million kronor in loans. There were always political manoeuvres in the business affairs of this time.

After the new Social Democratic government's super devaluation in 1982, Electrolux could divest Svenska Metallverken to Finnish Outokumpu in 1986 for a good price. Now Werthén had a war chest to take on the really big competitors to Electrolux.



Hans Werthén made Electrolux a world leader in the home appliance sector. Here he is being inspected by customs after an overseas trip in 1980. Photo: Bo Dahlin/Bonnierarkivet TT.

Therefore, 1986 stands out in retrospect as one of the most decisive years in the history of Werthén and Electrolux. During this year, the decision was made to both incorporate American White and buy the remaining shares in Italian Zanussi, two gigantic integration projects. The previously pressured Swedish niche company finally became a world leader, and the international analysts woke up. In 1987, Electrolux's market value reached 25 billion kronor after a radical revaluation, a twelvefold increase in five years.

A Quest for World Leadership

In 1983, Zanussi found itself in crisis after a miscalculation in dollars. The problems were compounded by Zanussi's diversification into activities outside the white goods sector, including the construction industry and household electronics. Enrico Cuccia, head of the bank Mediobanca, had drawn a line. The banker believed that the situation could no longer be managed, and his team had investigated various potential buyers, concluding that Electrolux was a good option. However, it was not an easy deal to finalise. Public opinion in Italy was awakened. The strong trade unions opposed it, and there were over 100 Italian and about 30–40 foreign banks that needed to be persuaded to make

concessions amounting to many billions of kronor. The negotiations were complicated and risky, requiring Werthén's full skill. It took nine months before the agreement could be signed in December 1984.

The marriage between Electrolux, which was strong in Northern Europe, and Zanussi, which dominated Southern Europe, was successful, and now Werthén also wanted to tackle North America and make Electrolux a truly global company.

The American stove manufacturer Tappan, which had been acquired as early as 1979, had proven more difficult to manage than expected. The Swedes made the same mistake as the Americans in Europe, namely underestimating the conservatism of the customers.

On the morning of Friday, January 28, 1986, a private plane carrying Hans Werthén, Anders Scharp, and an American lawyer landed at the airport in Cleveland, Ohio. They planned to make a surprise visit to the management of their competitor White Consolidated.

White had what Tappan lacked in the white goods sector, plus some businesses that could be sold, such as air conditioning products. The question was whether negotiations could be initiated. The first step in the offensive was a generous bid. A few hours later, Werthén and Scharp were on the plane back to New York.

When Electrolux then raised the bid to a total of 5.4 billion Swedish kronor, White's board dared not do anything but capitulate. Who else could be expected to pay so generously for a stagnating low-margin company, other than some foolish Swedes?

In hindsight, the economic journalist can of course state that the purchase of White was a really bad deal, but Werthén achieved his goal of creating a world leader in white goods. Inspired by Electrolux, other Swedish business leaders also began to pursue world leadership. The power of example is great.

Legacy and Heritage

One might think that Werthén retired content, but in fact, he was a disappointed man who, at the end of his career during a reception, complained: “Everyone talks about me stepping down from my board positions when I turn 70, but I still have so much to give!”

The data business at Ericsson, where he served as chairman, was on the verge of collapse, and few could have predicted that the company would become a world leader in mobile technology in the coming decade.

After Hans Werthén stepped out of the centre of Swedish business history, where his later ventures are not as relevant in this context, his legend grew as more and more major corporate leaders followed his example by engaging in international business and growth through acquisitions.

Electrolux became an interesting example of spin-offs and industrial relocation in a new era.



Hans Werthén surrounded by scholars, at IVA. Photo: Ronny Karlsson DI/TT.

In 1970, there were fewer than 150 companies listed on the stock exchange, most with the same names and focus as in Krueger's time. Since then, ten times as many companies have been newly listed, and a thousand of them, which have not been acquired, remain on the stock exchange. Many of them are involved in global technology. New challengers are constantly emerging, hiring people from today's "CEO education" in industrial economics. For what is better than engineers who can do business, or economists who understand technology? The Swedish stock exchange, which is one of Europe's most vibrant places for international corporate restructuring, cannot deny Werthén's legacy.

Hans Werthén was elected a fellow of the Royal Swedish Academy of Engineering Sciences (IVA) in 1973. When he stepped down as chairman of Ericsson in 1990 and Electrolux in 1991, the companies together donated 25 million SEK to IVA for a scholarship fund to support individuals who, through education, "can contribute to technical and industrial education in Sweden."

Throughout his career, Hans Werthén demonstrated an unusual ability to recognize young talents and place them in positions where they could quickly develop. The scholarships that now bear his name give young academics the opportunity to develop in other countries and return with new knowledge and experiences that can benefit industry, business, or academia in Sweden. Since the establishment of the Hans Werthén Foundation, a total of 511 scholarships have been awarded, amounting to approximately 61 million SEK.

Sources

Affärsvärlden, Veckans affärer and Dagens Industri.

Carlsson Bengt, Interviews with decision-makers at Electrolux for CfN.

Electrolux company's collections of various documents.

Fagerfjäll Ronald, Företagsledarnas Århundrade del 3, Norstedts, 1999.

Fagerfjäll Ronald, Shape Living for the better (Electrolux 100 years),
Förlaget Näringslivshistoria, 2018.

Fagerfjäll Ronald, Gränges sedan 1896, Förlaget Näringslivshistoria, 2021.

Gurt Sven, Electrolux – en sannsaga, Self-published, 1999.

IVA, Hans Werthén, En av våra främsta företagsledare, 2020.

Uggla Carl, Man säljer inga julgranar på annandagen, Ekerlid, 2008.

The Royal Swedish Academy of Engineering Sciences (IVA) is an independent, learned society that promotes the engineering and economic sciences and the development of industry for the benefit of Swedish society. In cooperation with the business and academic communities, the Academy initiates and proposes measures designed to strengthen Sweden's industrial skills base and competitiveness.

Published by the Royal Swedish Academy of Engineering Sciences (IVA),
Ronald Fagerfjäll, journalist and writer

IVA, P.O. Box 5073, SE-102 42 Stockholm, Sweden

Phone: +46 8 791 29 00

E-mail: info@iva.se

Website: www.iva.se

IVA-M 553 • ISSN 1102-8254 • ISBN 978-91-89181-58-8

Editor: Sofia Yngwe, IVA

Layout and production: Pelle Isaksson, IVA

Printed by Temo Mailer, Stockholm, Sweden, 2024



Royal Swedish Academy of
Engineering Sciences

IVA-M 553 • ISSN 1102-8254 • ISBN 978-91-89181-58-8