

The Industrialist

inspire. innovate. ignite.



“The world will be changing a lot until 2035 and we have to be ready. We have to actively be the driver of that change.”

Michael Traub
Chief Executive Officer
STIHL

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How STIHL is driving change towards an electrified world

Each month, we speak to a different industry leader about their approach to innovation and the emerging trends impacting the industrial sector. For this edition, we spoke with STIHL's CEO, Michael Traub, about the various transformations the company is undergoing to ensure continued success in an increasingly electrified world. Michael further elaborates on their battery-first approach to becoming a dual-technology leader in the market. He also highlights how the company's more than 95-year history provides invaluable experience, and the advantages of being a family-owned business in navigating these transformative changes.



Managing transformation in a family-owned business



Adopting to the digital era through connected products, digitized shop floor and a unified ERP



From gasoline-powered to dual-technology leadership



Continuing the transformation journey with AI and GenAI

In conversation with STIHL's Chief Executive Officer, Michael Traub



Michael Traub
Chief Executive Officer
STIHL

What one word describes you best?

From a professional standpoint, the word "**persistence**" would probably describe me best. I never give up, always try harder, I'm always trying new things and am very curious.

Could you tell us about your journey to becoming the CEO at STIHL?

I grew up in the Baden-Wuerttemberg region of Germany, where [STIHL](#) is headquartered. After completing my studies at the University of Stuttgart, I joined Bosch through a global leadership program. This program took me to Singapore and back to Germany, where I held various roles within Bosch's power tools and appliance business divisions. I have great respect for Bosch as a remarkable company that has significantly influenced my career, and I owe a lot to Bosch for what I'm doing today.

I've had the opportunity to work all over the world. Before joining STIHL, I spent 15 years in the United States. Initially, I worked for Bosch for seven years, before joining a private-equity-led company. During my five years there, I oversaw the merger of two major brands in the furniture industry: Serta Simmons Bedding, the world market leader in mattresses, until completing the post-merger integration. After that, I worked for a venture capital fund in San Francisco for a year before joining STIHL.

After living abroad for 20 years, returning to Germany and assuming the role of CEO at STIHL felt like a homecoming to me. Life has a way of coming full circle. It's a privilege to lead such a fantastic company with a great brand on a global scale.





STIHL is a family-owned business.

What does this mean in terms of the company's adaptability and resilience?

How do the family-owned business and the speed of transformation go together?

STIHL's key differentiator is our profound understanding of our customers, consumers and end-users. This understanding sets us apart from our competitors. Our roots trace back to 1926, when Andreas Stihl founded a small engineering shop in Stuttgart. There, he invented the two-man chainsaw—a source of great pride for us—that brought the saw to the tree instead of the other way around. From the two-man chainsaw, we transitioned to a one-man chainsaw, and from there, we developed our entire product portfolio. Why am I sharing this? I firmly believe that experience matters, especially in an industry undergoing transformation. Understanding the needs of customers and end-users is crucial, and our extensive experience in that has been instrumental in shaping STIHL into the company it is today.

Another important aspect is the involvement of the Stihl-family in the second generation. Hans Peter Stihl, a renowned businessman in Germany, not only due to being instrumental in driving STIHL's growth, but he also wielded political influence, advocating for industrial interests in German policymaking. In 2002, the family stepped back from management and assumed an advisory role. This early recognition of the need for experienced professionals to guide the company's growth and to take it to the next generation was crucial. For over 20 years now, we have had external management leading the way. As the fifth CEO of STIHL since its founding, I follow in the footsteps of my predecessor, who held the position for twenty years. We have a highly experienced collaboration between the family, external management and our external board, which supports us in strategic decision-making. Therefore, I believe that being a family-owned business is a significant advantage as we navigate through transformation.

You've introduced a target of 80% battery-powered products by 2035. Considering the massive set of industry dynamics and the company's 95-year heritage—is this an advantage for the transformation journey from gasoline to battery power? And how are you and your teams actively shaping this technology transformation?

One of my primary goals at STIHL is to transition the company from its dominant position as the world market leader in the gasoline-powered outdoor equipment industry, to holding the same position in the battery-powered equipment market. This is a major undertaking, considering the company's long-standing leadership in petrol-powered chainsaws. We recognize that the transformation toward battery-powered equipment is inevitable and will occur with or without our involvement. Our company's rally cry—the one thing that everyone should remember when they wake up in the morning—is “battery first”. However, this doesn't imply “battery only”; rather, it emphasizes our commitment to becoming a leader in dual technology. From the very start, our goal has been to become a leader in both technologies. However, we recognize the need to strengthen our capabilities in battery-powered outdoor equipment, and therefore we prioritize battery technology in our pursuit of dual leadership. The specific percentage of 80% by 2035 is not set in stone. What is certain is that the world will undergo significant

changes by then, and we cannot be stale and rest on our laurels. We must actively drive that change. Hence, the 80% target serves as a guiding principle. Currently, we have already increased our battery share from 20% to 24% in the previous year and aim to reach 35% by 2027. We expect the adoption of battery-powered equipment to accelerate even more in the 2030s, driven by both private consumers and professionals increasingly embracing this technology.

To be successful in leading a transformation journey, one must stand behind it. If I as the CEO don't fully support and instill confidence in others, they won't be willing to embark on it. When a company has a nearly century-long track record of doing things right with success, convincing others to change course requires unwavering conviction. In fact, “obsession” might be the appropriate word to take both our employees and retail customers on this journey and make them realize that there is no turning back. We must change because the macro-environment is the driving force behind it all.



How can a company like STIHL, whose products have traditionally been non-digital, adapt to the digital era?

This is indeed a challenge. At our core, we are a mechanical engineering company. We take pride in our extensive manufacturing capabilities and firmly believe that we produce the top-quality equipment in the outdoor power industry from a mechanical engineering perspective. Based on feedback from our customers, we have incorporated their desired features into our products. We have introduced a program called [STIHL Connected](#). This digital device management solution involves attaching a digital device to our chainsaws, brush cutters, blowers and other equipment. For instance, imagine a municipality or a large professional landscaper with a fleet of 150 of our devices. Through STIHL Connected, our users can monitor various aspects of their equipment in real-time, for example, track operating status, geolocation and maintenance needs. Predictive maintenance is crucial for our professional customers, as any downtime has a direct impact on their profitability. By incorporating connected features, we enhance the productivity of

our exceptional products, providing tangible benefits in the marketplace. This initiative has been in place for a few years, but we consider it just the beginning. There is still a long way to go in developing the system further.

Additionally, we are in the robotic lawn mowing business. The interesting thing about that business is that the hardware, the mower itself, is only one part of the success story. We now have a big team of software engineers dedicated to building the app and software features that make the robotic lawnmower work. Furthermore, we collaborate with numerous external software companies that help us with specific issues.

So, the landscape has changed significantly. This shift has not only transformed our product offerings but also affect on our engineering profile. Previously, our engineers were primarily mechanical specialists, but now, about 30% of our engineers specialize in software or have the ability to integrate software and hardware seamlessly.

A man with light brown hair, wearing a blue suit jacket over a white shirt, is smiling and gesturing with his right hand. He is standing in a factory or industrial setting with blurred machinery and workers in the background.

What role does digitalization play in your shop floor management?

Digitalization has been a key issue for us, even before I joined the company. We have our digital transformation program “One STIHL”—which was initially documented as the transformation of our SAP system to SAP S/4HANA, but it goes beyond that—encompassing the transformation of our systems and processes. With factories in seven countries and 44 sales and marketing companies worldwide, STIHL has achieved rapid, organic and decentralized growth. Initially, implementing a single ERP system under the “One STIHL” initiative, built on the same database and data structure worldwide, was not obvious to us in this environment. However, getting into the “best practices” standards of ERP systems has become a key focus for us, and we are collaborating closely with our implementation partner, Accenture, to make it a reality.

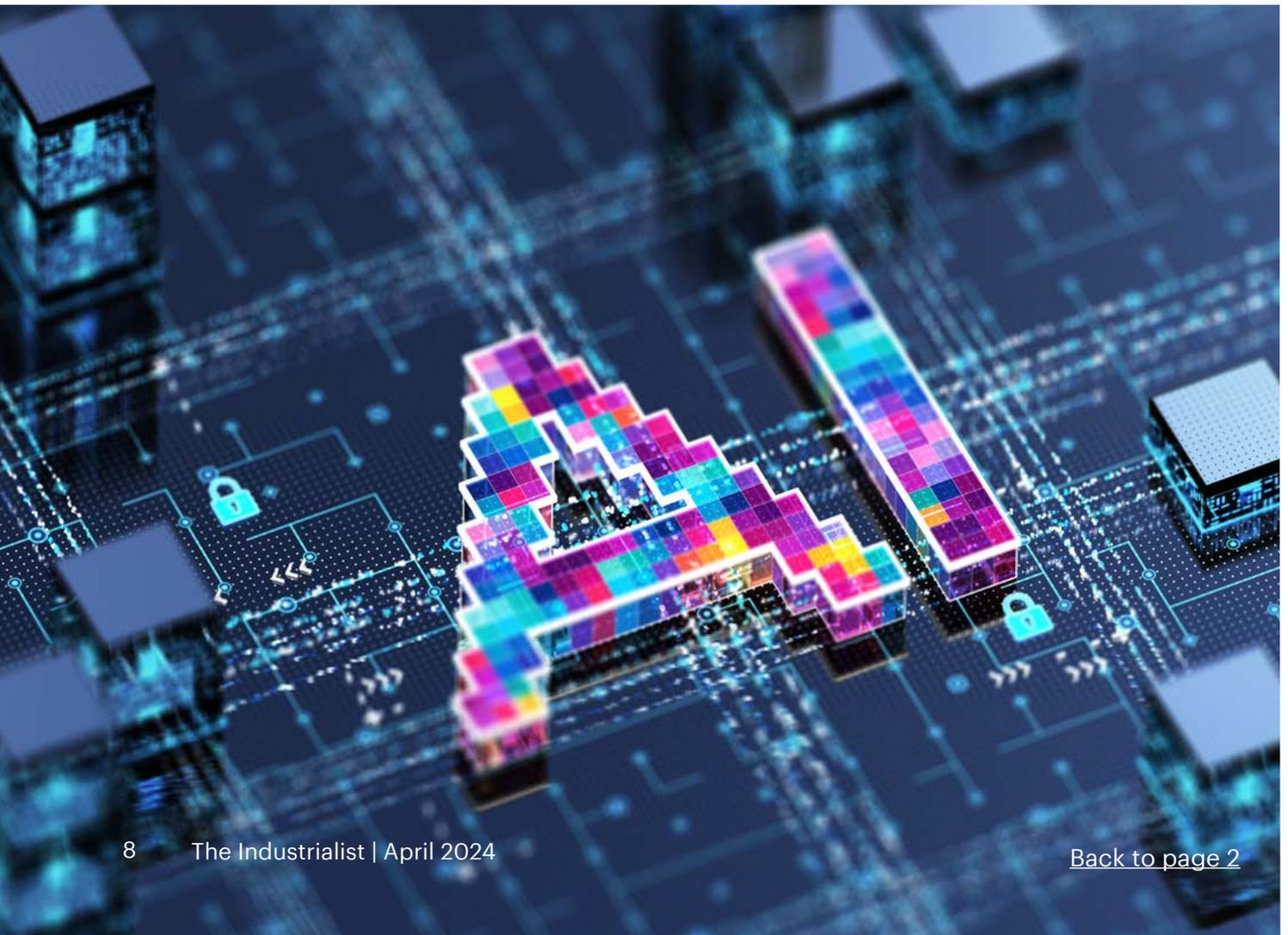
On the other hand, we have been using robots on the shop floor for several years to boost employee productivity. We have implemented digital tools with cameras for quality control, which has removed the need for manual inspections. These tools are increasingly supported by AI-generated assistance. Moreover, we have made significant progress in the digital evaluation of our processes, particularly in digitizing our printing processes. We have transitioned from an analog to a digital print shop, allowing for greater customization for our customers and faster execution. While the significance of these various digital initiatives may vary, we are actively driving experiments and solid implementations worldwide.

You mentioned a few use cases for AI and GenAI. Could you talk a bit more about what you are doing with these technologies?

Ever since the release of ChatGPT, which brought artificial intelligence (AI) into the public eye, I've been asked daily, "What are you doing with generative AI? What progress have you made with it?". To be completely honest, it's not always easy to explain. It's a journey. We are continuously exploring and experimenting with AI, incorporating it into various aspects of our operations. For instance, we use AI in quality control, analytics and customer service. We have our chatbot named Benny, which addresses customer inquiries about STIHL. Some of these applications are logical progressions, while others are more experimental.

We strive to remain at the forefront of AI innovation and are eager to try new things. It is clear that AI is here to stay, and we are committed to fully integrating it into our manufacturing and engineering processes. There is definitely more to come.

However, it is important to note that there is a lot of hype surrounding AI, and many people use the term without really understanding what it truly entails. We should carefully differentiate between genuine AI applications and technologies that have been around for a long time, so as not to get lost in buzzwords.





What gets you most excited about the future of STIHL, and the industry?

I feel incredibly honored to serve as CEO during this transformative period. While the term “transformation” may be overused, it truly captures the magnitude of the technological changes we are experiencing now, considering STIHL’s nearly 100-year history. As we reflect on our brand’s legacy, exemplified by our first combustion engine proudly displayed here, we recognize the decades of expertise and refinement that have made us the best at what we do. However, our venture into battery-powered electric drivetrains marks a significant shift. We transition from an undisputed market leader to a challenger, demanding a fresh mindset. As I said at the beginning of this interview, my persistence, tenacity and curiosity has helped me to prove that this is an extraordinary opportunity. I am confident that when people look back in ten years, they will see this period in the mid-twenties as a pivotal moment for STIHL’s journey into an electrified world. That’s really a huge motivator for me and the team, and I hope to inspire many people here at STIHL with that passion as well.

In closing

In this current environment, change is not only a constant; it is accelerating. Driven by the speed of technology, industries evolve at an unprecedented pace, requiring industrial businesses to adapt rapidly to meet the challenges and opportunities of this dynamic landscape, and to stay competitive.

How can industrial companies tackle constant change?

STIHL, a global leader in outdoor power equipment with a more than 95-year history, has recognized the need for innovation and sustainability in this changing environment. Embracing a battery-first approach, STIHL is on its way to becoming a leader in both battery and gasoline technologies—which the insights provided by STIHL’s CEO and my good friend, Michael Traub, in this edition of ‘The Industrialist’ have impressively show.

While gas-powered tools remain a staple for some applications, battery-powered options offer cleaner, quieter, and more convenient alternatives. By embracing both technologies—with an ambitious target of 80% battery-powered products by 2035—, STIHL caters to diverse customer needs while positioning itself as a leader in this transition that is clearly shaping the future of the industry.

And we’re seeing similar changes and a stronger focus on sustainability powered by technology and digitalization in other areas as well. Case in point? Battery cell production: a [recent study between Fraunhofer FFB and Accenture](#) found that a comprehensive digitalization of the value chain is a key enabler for a more sustainable battery production, spanning from optimizing processes, reducing material waste, to improving energy efficiency. And the best part? It can also help reduce costs significantly. According to the report, a lithium-ion battery cell factory with a capacity of 40 gigawatt hours per year could save up to 27 million euros and almost 10 percent of its emissions using digital solutions.

The industrial sector overall is seeking ways to reduce its environmental impact and improve energy efficiency. Those of you who have attended the recent [Hannover Messe](#) could experience first-hand the “art of the possible” and what the industry is up to. Under this year’s motto “Energizing a sustainable industry”, the fair featured solutions related to renewable energy, energy management systems, circular economy initiatives, sustainable manufacturing practices, and more.

While Hannover Messe is always a remarkable event, it was particularly special for me in 2024. In the spirit of ‘change is a constant,’ this year’s event marks my last one in the role of the Global Industrial Sector Lead before I retire from Accenture and hand over the baton to my colleague, Jean Cabanes, next month. While I remain closely connected to Accenture, the industrial industry and continue to help industrial companies remain competitive and ahead of change, I’m looking forward to staying connected with you and reading the upcoming Industrialist editions to discover how industrial companies create and compete, the new business practices and trends to watch, and which individuals are shaping the future of the industrial sector. Thanks to all of you for making the Industrialist such a success.

Best regards,



Thomas Rinn

Senior Managing Director,
Global Industrial Lead, Accenture



About The Industrialist

The Industrialist is our monthly digital publication that puts game-changing perspectives in the spotlight. It combines thought-provoking content and insights, to keep you on top of what's new in the industrial industry.

Featuring different CXOs and diverse views, you can be inspired by leading innovators, explore the latest trends, tools, technologies, and innovations, and ignite your industry interest with transformational thought leadership.

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