

# Alcoa: Giving new lives to an old product

By Geoff  
Colvin

January 22, 2015, 7:32 AM  
EST

## Alcoa CEO Klaus Kleinfeld pushes to find high-margin uses for aluminum, like the latest Bud Light “bottle.”

Aluminum sold for \$3,400 a ton when Klaus Kleinfeld took the helm of Alcoa [AA 1.31%](#) in 2008. Six months later the price had plunged to \$1,100, and Kleinfeld had to lead a massive restructuring of the venerable company (founded in 1888). With the bad days now behind him, Kleinfeld, 57, focuses on two priorities: keeping costs low to maintain profits in his commodity aluminum business and developing innovative new products—aluminum-lithium alloys, beverage cans that look like bottles, high-tech fasteners—for which Alcoa can charge a premium. He talked recently with *Fortune* about new markets, developing leaders, and more. Edited excerpts:

### Ford's [F 2.49%](#) new F-150 pickup truck got a lot of attention for having an aluminum body. Is that the beginning of a trend, or is it a reflection of once-high gas prices that are now getting lower?

It's driven by two things. One is regulation, which basically obligates the car companies to get better on their fuel efficiency.

At the same time consumers today have a choice in all categories [of vehicles], so you can now go for the F-150 and say it has to have towing capacity and fuel efficiency as well. And you can have strength too. This is military-grade aluminum. It's lighter. It's better.

### How much weight does it take out of a truck?

Ford has said more than 700 pounds. Just think about it—you have the choice now to get the fuel efficiency or to load 700 pounds more onto the truck and travel with it. That's the choice the consumer has.

On the other hand, a couple of very high-profile planes, the Boeing 787 and the Airbus A350, are made of carbon fiber rather than aluminum.

We're very happy about these things because we also have a fastener business and a forging business where we make a lot of materials for those composite planes. There's no plane in which Alcoa has more total value, in fact, than the 787.

The interesting thing is that when Boeing [BA 0.48%](#) and Airbus had to make a decision two years ago about their two workhorses, the 737 and the A320, they decided to go for aluminum. The new versions are all aluminum, so I would say clearly aluminum is here to stay. And the aluminum alloys that go into them are not the same as 10 or 15 years ago. The invention of aluminum lithium, the combination with other materials—this is the trend.

### How do you develop leaders at Alcoa?

There is a T-shaped model. The horizontal line across the top represents qualities [we look for] related to analytics, strategic thinking, languages, some math skills, and some international experience. But I also look at depth. A person needs to have the stamina to experience, at an early point in his or her life, something very deep or challenging or frustrating—and getting through it.

And I almost don't care what it is. If somebody said, “I spent two years in India studying Indian spiritual practices,” and then I find out how the person thinks and what the individual has learned, that for me counts as one of those deep

dives.

If you want to lead anything, it doesn't work to just have the general management skills because there are going to be one or two or three issues where you have to roll up your sleeves and get into it and don't stop digging until you've found the bottom. If you don't do that, you're not going to earn respect.

*This story is from the February 2015 issue of Fortune.*

© 2015 Time Inc. All rights reserved.

Fortune.com is a part of the Time.com network of sites.

Powered by [WordPress.com VIP](#)

© 2015 Time Inc. All rights reserved.

Fortune.com is a part of the Time.com network of sites.

Powered by [WordPress.com VIP](#)