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Hypergrowth in Germany's infrastructure sector

The 8 value levers that define success

Kienbaum

Introduction

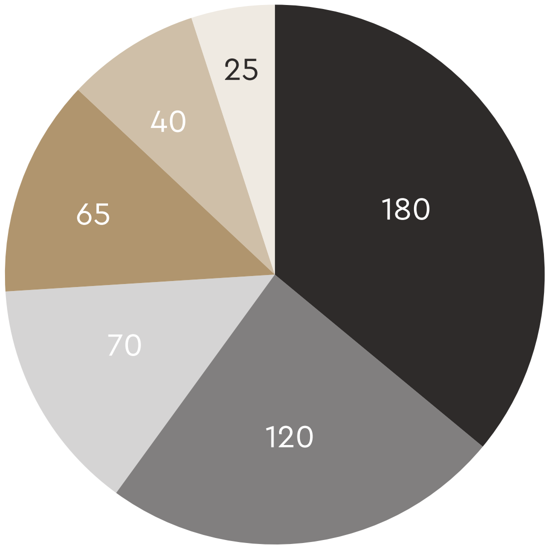
Germany's infrastructure sector is entering a period of growth unseen in decades. Billions in public and private investment are creating the foundation for double-digit, sometimes hyper-exponential growth rates. Yet capital alone does not guarantee success—the real question is whether companies can now consistently align their business models, structures, and cultures with speed, scale, and execution.

The Kienbaum Hypergrowth Readiness Framework demonstrates how organizations can seize growth opportunities without suffering from "growing pains"—covering everything from a clear focus on execution and targeted talent development to digital scaling and M&A excellence. Companies that leverage these levers early not only benefit from the upswing—they actively shape it.

A new beginning

Germany is on the brink of an infrastructure boom unlike anything the country has seen in decades. Over the next twelve years, the federal government's recently approved infrastructure package will channel around €500 billion in public funds into transport networks, energy infrastructure, digital connectivity, and defense.

Breakdown of investments (billion euros)



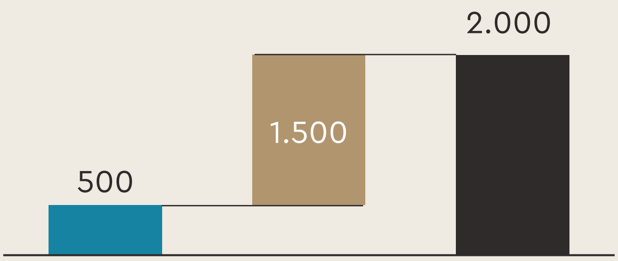
Investment area	Volume	Example projects
Defense	€180 billion	Air defense systems, heavy transport helicopters, cyber command, satellites
National infrastructure	€120 billion	Railway expansion, bridge renovations, daycare expansion, school modernization, hospitals
Climate & energy	€70 billion	5G/6G networks, fiber optic expansion, administrative digitization, cyber defense
Digitalization	€65 billion	Hydrogen pipeline network, building renovation, CCS projects, renewable energies
Logistics & reserves	€40 billion	Emergency power reserves, strategic raw material stocks, disaster control, logistics centers
EU/PESCO cooperation	€25 billion	European armament projects, satellite communications, joint logistics centers

Sources: Financial Times; German federal government; German Armed Forces; DIHK; BSI; BMWK

Investments

In addition, substantial private-sector investments are coming into play. Nationally, "Made for Germany"—an alliance of over 61 companies, including Airbus, Allianz, Deutsche Bank, Siemens, and SAP—has announced an investment program totaling €631 billion, with a three-digit billion portion earmarked for new projects. International investors are also ready to participate, from global infrastructure funds to sovereign wealth funds from the Middle East, all aiming to support the modernization of Germany's infrastructure. Cord von Lewinski, Head of the DACH region at Macquarie Asset Management, summarizes the goal "International investors could be attracted to Germany, significantly increasing the investment volume and potentially multiplying it to around two trillion euros." According to Philipp Freise, co-head of KKR's European private equity business, KKR will also participate in infrastructure investments across Europe. These investments provide a substantial boost to the German economy. Jari Stehn, Chief Economist for Europe at Goldman Sachs, emphasizes: "Germany is receiving a significant lift from fiscal policy." He expects that "for every euro the government spends, economic output will increase by €1.30."

The investment sum will quadruple to around €2 trillion



Source: Macquarie Asset Management

For every euro the government spends, economic output increases by €1.30

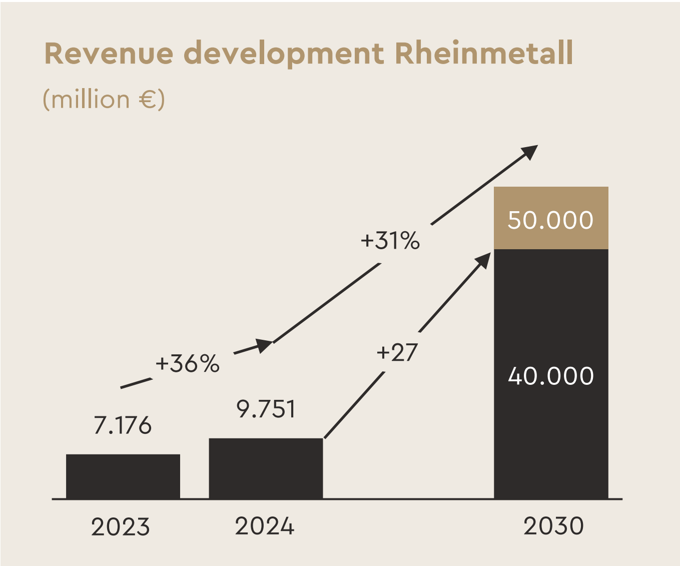
Source: Goldman Sachs

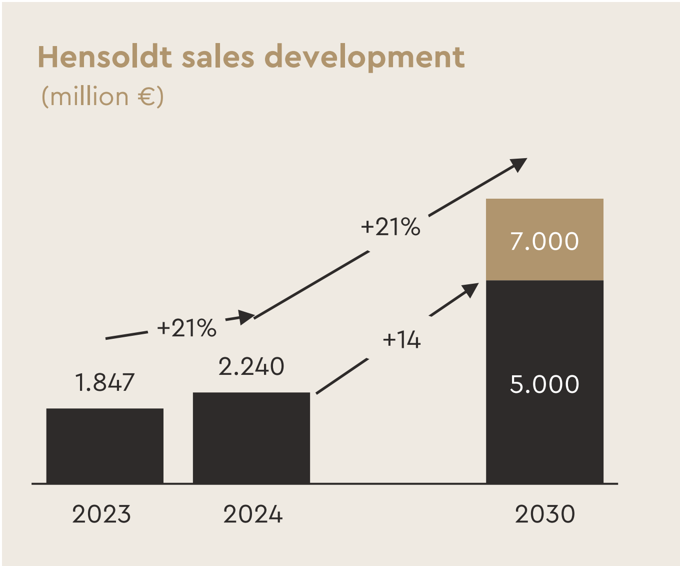
Many industries will benefit from the expected boom, particularly **defense technology, construction, industrial plant engineering, mobility, energy, and digital infrastructure**. Current company figures, e.g., from defense contractors and electricity transmission system operators, show that this development began long ago, even before the infrastructure package was launched.

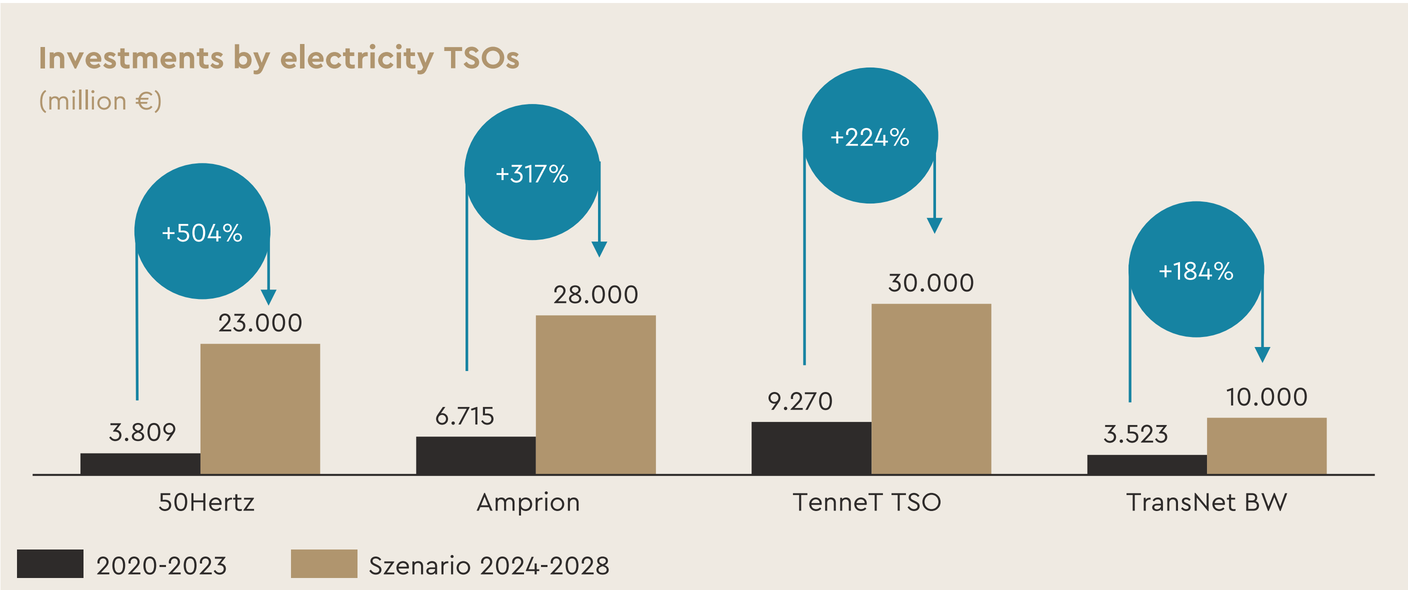
Rheinmetall, a key player in the German and European defense industry, recorded revenue growth of **36%** to **€9.75 billion** in 2024 and an increase in operating profit of **61%** to **€1.48 billion**. Further revenue growth of 25 to 30% is expected for 2025. The company is also aiming for annual growth rates of around 30% for the years up to 2030, with a revenue target of €40-50 billion for 2030.

The situation is similar at **Hensoldt**, a leading provider of sensor solutions for the defense and security industry. In 2024, the company achieved revenue growth of around 20%, reaching €2.2 billion, along with a 30% increase in operating profit to €280 million. Over the long term, Hensoldt aims to grow sales to €5–7 billion by 2030, corresponding to annual growth rates of 14% to 21% between 2025 and 2030.

A look at electricity **transmission grid operators** also highlights a clear growth trend. Compared to the period from 2020 to 2023, companies in this sector plan to increase their investments two- to fivefold between 2024 and 2028. On an annual basis, this corresponds to growth rates of 20% to 40%.







Sources: Statista; MarketScreener; annual financial statements

Hypergrowth requires holistic transformation

The current discussion and companies' forecasts show that German infrastructure companies are on the verge of "hypergrowth"[1] !

The anticipated growth must be carefully managed, efficiencies maximized, and growing pains minimized. This dynamic is driving the need for investment and expansion, fundamentally challenging the traditional planning and decision-making cycles of many companies. The long-term, risk-averse management style that has long characterized infrastructure players will no longer suffice to address the market's upcoming challenges and opportunities. Today, speed is paramount for German companies—as Goldman Sachs banker Anthony Gutman puts it, "There is no shortage of money."

The human resources factor is also crucial. As an analysis by Kienbaum shows, workforce requirements are set to change significantly. In the transmission grid sector, short- and medium-term increases are expected in CapEx-related functions such as planning, approval, and construction. These roles are projected to represent 40–50% of the total workforce in the future (up from around 30–35% among electricity transmission system operators and about 15% among gas transmission system operators today).

Traditional, OpEx-focused operators are thus shifting significantly toward growth-oriented CapEx organizations. Some industries are already further along than others in this process.

For example, gas transmission system operators can draw on the existing structures of electricity transmission system operators as a reference point, particularly in view of the anticipated expansion of hydrogen networks.

From a personnel perspective, both structural and cultural challenges must be addressed. Many rapidly growing infrastructure companies originate from environments that historically prioritized stability over performance and growth. As a result, they now face the need to shed cultural baggage and unlearn outdated working patterns and logics. This may well be the greatest challenge, as it demands a resource companies lack most—time.

"Companies in the affected industries are at a decisive turning point: they must consistently realign their business models, structures, processes, workforce, and culture for rapid growth—or risk being overtaken by the pace of the market. Traditional 'growth brakes'—such as complex decision-making, protracted coordination and approval rounds, fragmented responsibilities, inefficient resource use, and limited scalability—must be eliminated decisively. The era of complacency is over. In the decade ahead, speed, scalability, and adaptability will define competitiveness. Achieving this requires nothing less than a holistic transformation.

[1] Hypergrowth means >40% compound annual growth rate [World Economic Forum]

Hypergrowth Readiness Framework: Eight Imperatives for Growth

The following eight imperatives of the Hypergrowth Readiness Framework show what matters most for companies right now.

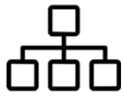
Hypergrowth Readiness Framework

1 Focus on Execution
Set clear priorities, focus on achieving results, and concentrate resources on growth levers

2 Create a Growth Mindset
Embed ownership, speed, and a "getting things done" mentality throughout the organization

3 Secure Talent
Proactively and selectively overhire and use external partners to ensure flexible staffing for growth

4 Build Scalable Structures
Create resilient, agile organizational, process, and IT structures early on that enable "growth@scale"



5 Foster Collaboration
Form cross-functional teams that make and implement decisions quickly and independently based on KPIs

6 Accelerate Digitalization
Automate processes and make targeted use of AI to focus capacities on value-adding topics

7 Manage Performance
Establish incentive and performance models that are strictly aligned with growth and innovation goals

8 Strengthen the M&A Muscle
Build M&A and PMI competencies as an integral part of the growth architecture with standardized playbooks

1. Focus on execution – clear priorities, disciplined implementation

Hypergrowth demands speed—but speed without focus quickly turns into chaos. Successful organizations transform ambitious strategies into a set of clearly prioritized initiatives and drive their consistent execution. Steve Jobs' famous words, "To me, ideas are worth nothing unless executed. They are just a multiplier. Execution is worth millions," capture the essence perfectly. For German infrastructure companies today, the challenge is less about generating new ideas or winning new orders; it is about executing existing projects to convert booked orders into real revenue. Achieving this requires effective project management, active resource allocation, and the discipline to prioritize correctly—so that the organization always knows what to focus on and, equally importantly, what to leave aside.

2. Create a growth mindset – promote speed, ownership, and pragmatism

Growth requires a leadership culture that rewards initiative, empowers responsibility, and enables speed. A true "growth mindset" combines entrepreneurial thinking with a solution-oriented approach and a clear "get things done" attitude. Managers should act as enablers rather than controllers. In practice, however, this is challenging: many companies have traditionally focused on a small number of long-term customer orders with high quality standards, rather than proactively driving short-term solutions for their clients. Shifting this mindset and transforming leadership culture does not happen overnight and presents managers with entirely new challenges. Organizations that embrace this change and systematically foster entrepreneurial spirit retain their ability to act decisively, even as complexity grows. Leadership development programs and cultural initiatives—such as value workshops, accelerators, and a strong feedback culture—play a crucial role in embedding the growth mindset within a scaling organization.

3. Secure talent – proactive and targeted overhiring and outsourcing

Hypergrowth is ultimately a talent game, requiring resources of both sufficient quality and quantity. Successful companies know their talent and anticipate their personnel needs, invest strategically in key roles, and address capacity and skills gaps early. Fast recruiting, effective onboarding, and targeted development ensure that new teams become productive quickly. Overhiring is not viewed as a risk, but as a strategic competitive advantage. Temporary external resources—such as partners, freelancers, consultants, or interim managers—should be deployed purposefully to close skills gaps, prevent bottlenecks, and, most importantly, maintain the flexibility needed to manage rapid growth. A Kienbaum analysis shows that infrastructure companies in growth phases use external resources in the CapEx area at a ratio of roughly 4:1 (external to internal), with internal teams focused on control and quality assurance. In OpEx functions, a ratio closer to 3:2 is also common, aiming for a more balanced mix of internal and external expertise.

4. Build scalable structures – create resilient, agile structures

Strong growth quickly pushes existing structures to their limits. Organizations should invest early in scalable setups—covering processes, functions, role architectures, and governance. The goal is an operating model that enables "growth at scale" without friction or loss of control. Agile structures and ways of working should be applied where they add value and enhance productivity. At the same time, the business model itself must be scalable to support profitable growth—through measures such as product modularization, platform strategies, or the transition to recurring, scale-efficient revenue models.

5. Foster collaboration – cross-functional, cloud-based, KPI-driven

Scaling requires seamless collaboration across organizational boundaries. Operational effectiveness often emerges from cross-functional teams with clear objectives and access to centralized data and standardized tools. Cloud-based collaboration platforms, KPI and OKR systems aligned with strategic and operational goals, and streamlined decision-making processes enhance self-management and maintain focus on results. Successful organizations foster this networked form of collaboration systematically—both through technology and culture.

6. Accelerate digitalization – use technology as a scaling lever

Digital technologies and artificial intelligence are not just supporting factors—they are key drivers of hypergrowth. Early investment in data governance, scalable IT architectures (such as microservices), and data-driven decision-making models lays the foundation for operational excellence, automation, and innovation. The targeted use of AI across the value chain—in product development, production, sales, customer service, or central functions—creates new growth opportunities and becomes an increasingly important differentiator. At the same time, it frees up valuable capacity that can be redirected toward high-value activities.

7. Manage performance – make impact visible and controllable

Hypergrowth brings not only increased orders but also greater complexity and rising coordination costs. Without clear goals and systematic performance measurement, productivity can easily suffer. This is why performance management systems are essential—to make progress transparent and growth measurable. Incentive models should be aligned with growth and innovation objectives—such as bonuses for market launches, innovation targets, or customer satisfaction—rather than solely focusing on short-term operational KPIs. Well-designed incentives foster entrepreneurship, initiative, and sustainable business success.

8. Strengthen the M&A muscle – accelerate external growth

In many cases, organic growth alone is not sufficient to fully capture market opportunities. Securing know-how, market access, or additional capacity through acquisitions may be necessary—as demonstrated by Rheinmetall, which since 2024 has invested billions in Automecanica Mediaș (Romania), Expal Systems (Spain), and Loc Performance (USA), and is currently pursuing the acquisition of Iveco's truck division. Companies should therefore treat M&A and strategic partnerships as deliberate growth levers. M&A is becoming increasingly important, particularly in fragmented markets such as plant engineering, construction, and digital infrastructure. Successful players develop scalable, standardized playbooks covering the full process—from target screening and due diligence to rapid and efficient integration into the existing operating model. In some cases, it may even be strategic to avoid operational integration, for instance when entering new business areas, customer segments, or regions. Crucially, M&A should not be pursued opportunistically; it must be embedded as a core element of the growth architecture, with clear roles, processes, and decision-making criteria. Companies that establish effective M&A competencies and playbooks gain not only access to new markets and capabilities, but also significantly enhance their scalability and resilience.

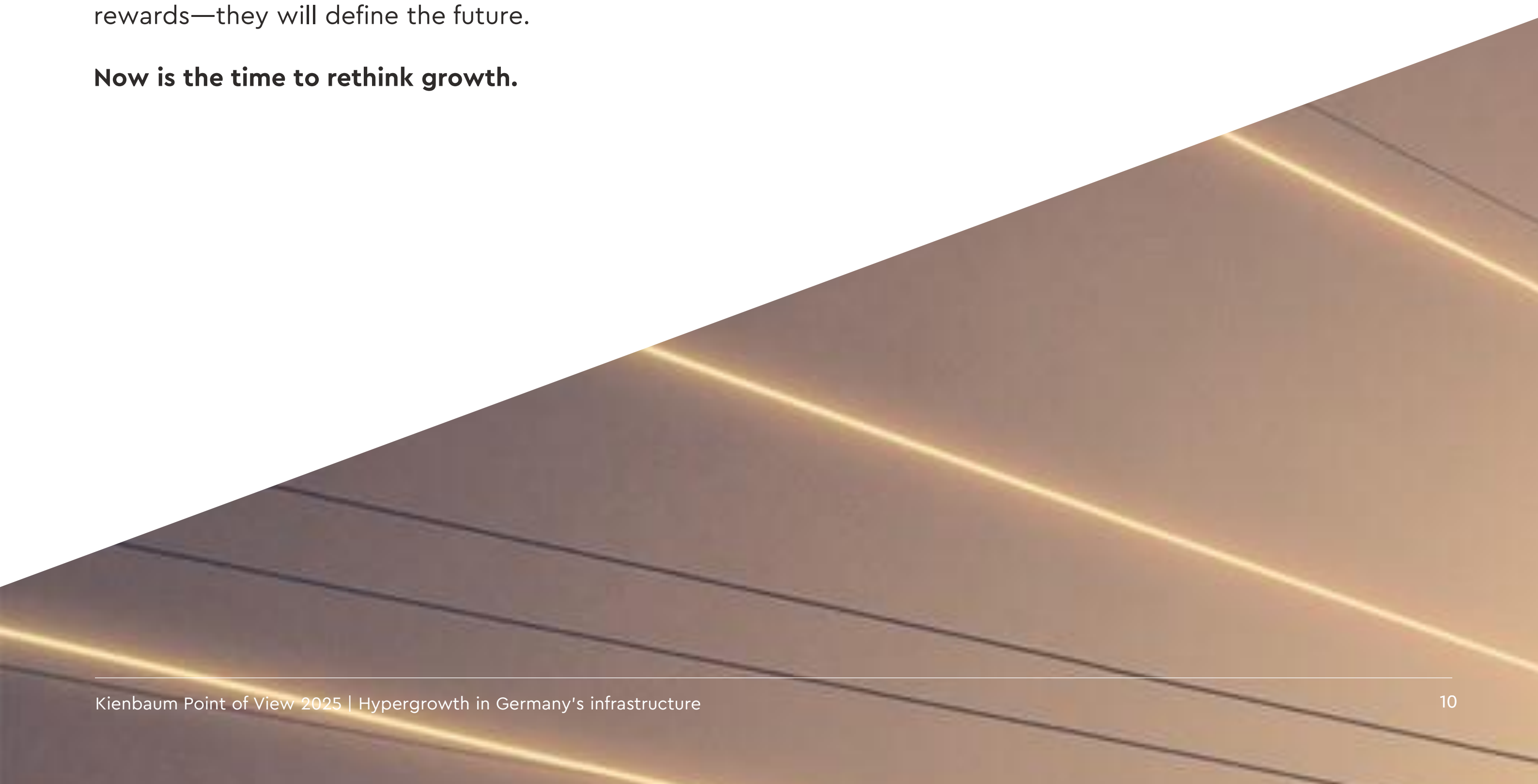
Future growth is shaped now

The economic relevance of many companies in the coming years will be determined by the actions they take today. Those who act decisively will shape their value creation for the next decade; those who hesitate risk being left behind. Achieving hypergrowth requires the courage to change, consistent execution, and a renewed entrepreneurial mindset. It is not growth for growth's sake, but the creation of efficient, resilient organizations that secure long-term economic success. To this end, companies should begin leveraging the following value drivers today:

1. **Build a growth architecture: Streamline business models, structures, and processes for scale and speed — continuous optimization is essential.**
2. **Develop targeted competencies: Foster a growth-oriented leadership culture, identify critical roles, hire early or secure external expertise, and empower the organization in a focused way.**
3. **Drive and manage performance: Strengthen the organization's execution capabilities and manage performance systematically using clear KPIs.**

The question of whether companies in the German infrastructure sector will benefit from hypergrowth tomorrow is being decided today. Those who act decisively to shape change will not only reap the rewards—they will define the future.

Now is the time to rethink growth.



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