

Blood Is Thicker Than Paint

With the third generation entering the J.W. Ostendorf business, the family-run company and European market leader in retail brand supply in the do-it-yourself sector continues to grow, diversify, and add value to its retail partners.

Images by Timo Bühring

J.W. Ostendorf (JWO), founded in 1948, is the European leader in retail brand supply in the do-it-yourself (DIY) sector, with the most modern and sustainable paint-manufacturing plant to ensure cost and quality leadership. The family-owned business began in 1948 supplying professional painters before making the decision to focus on the upcoming big retailers in 1968. During the 80s and 90s, JWO assisted retailers in developing the retail brand to become the category leader with revenue and space greater than 50 per cent of the whole paint category.

JWO achieved this by being the pioneer in water-based paint technology, being the first manufacturer to introduce water-based emulsion paints, trim, and wood care in the early 80s, and offering holistic marketing support to build the retailers'

brands. Since the 90s, JWO has focused on growing the business internationally with the main production facilities in Coesfeld, Germany, and Bordeaux, France (since the acquisition of Renaulac in 2012), and local sales units, so that the company can supply the highest quality products, great flexibility, and tailor-made assortments for their partners. Today, JWO is managing more than 60 brands throughout Europe.

The family-owned business now has its third generation at the helm, with brothers Jan and Jens Ostendorf assuming top positions within the organisation. Jan explains, "I am responsible for the product and technology management, product management and R&D department. We have combined all three departments and thereby we are looking at both end-consumer needs and wants and technology-driven

advancements to offer category advice, innovation, and tailor-made options to suit each of our retail partners." Jens' role in the French business is Directeur Général of Renaulac. He is responsible for the finance department and supports the Renaulac sales team.

As part of a family business, Jan and Jens note the importance of teamwork and collaboration within the company. "Being on top-management level and running the company one day is a goal to strive for, but the process getting there is very encouraging and requires working together as a team and adding value to our retail partners and thereby to our business. We think it's a great journey and a privilege to have the opportunity to be an entrepreneur. We are convinced that it is only possible to be successful if you have people in the business inspiring each other." >



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J.W. Ostendorf works very closely with retailers to develop tailor-made solutions for its retail partners. “Relationships are extremely important because collaboration enables value creation. We do not want to be a bucket filler. We are interested in being the strategic partner of our retail partners to develop and drive the category together. The most important prerequisite to achieve this is to understand our customers and their positioning in the market to then work together to create the best possible retail paint brand category. In addition to the retail brand, we offer branded concepts that add value such as our design brands b.b. home passion, Signeo, and Ultra Color, which is the innovation brand in our portfolio.”

Retailers should spend time thinking about the paint category, as it is one of the most important categories in DIY, according to Jan. “Paint isn’t important—it’s vital! Paint is the heart of DIY and a profit engine. While paint takes 10 per cent in space and about 20 per cent in sales, it is up to 30 per cent of the retailer’s margin. So how do you get paint right? It is important to put the retail brand first. This means that the paint category is built around the retail brand and that there is very clear positioning in terms of brand architecture, quality, price, and communication across all channels. In this context, it is essential to have commitment from the top to drive and lead the retail brand.

“According to our experience, it is also significant to work together on the assortment structure to fit the overall positioning of the brand throughout the whole retail brand category. Professional marketing is often underestimated and we are sure that it is necessary to create buzz around the brand. Enabling long-term development of the brand further requires regular monitoring of the category, reviews to question the status quo accompanied with tests to evaluate possible improvements and relaunches to stay up to speed. Last, it is the retailer’s brand, so they should be proud of it and understand that they have the opportunity to change the game, achieve end-consumer loyalty and earn more money.”

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- Jan Ostendorf

Jan and Jens are convinced that retailers should deal with multichannel and attracting other target groups besides the traditional DIY-er to be prepared for the future. “Multichannel or omnichannel is one of the most discussed topics in recent times. It is correct that retailers have to face the challenge of a very different consumer compared to 10 years ago. End consumers are online; they have the ability to get information and interact in various communities at all times. It is one of the key challenges for retailers to offer a seamless experience of online and offline, and to interact with the end consumer. We can help retailers to improve the experience, assist in optimising the supply chain and making it easy for end consumers to find the right product.”

According to Jens, another key trend in DIY is the ability to serve additional target groups in a DIY store. “I see great potential in helping our retail partners attract professional painters to their stores to buy trade products besides the traditional DIY-er. We have developed products for the professionals and concepts for in-store presentation to allow professional painters to get the experience they are looking for, save time and get first-class >

“Dow Coating Materials enjoy a long lasting relationship with J.W. Ostendorf. As a technology provider we value JWOW as reliable partner and appreciate their passion to bring constantly innovative and environmental friendly paint formulations to the European Decorative Paint Market.”
- Dow Coating Materials



products in a DIY store. Our acquisition in France, Renaulac, supports our strategy due to its expertise in the professional paint market.”

Innovation and sustainability is a vital means for JWO to add value for consumers and retailers. “Innovation and sustainability is key to survive and drive the market. We believe that innovation is the life-blood of many family-run businesses, and sustainability is a key differentiator and a given in the future. Only if companies constantly focus on innovation can they reinvent themselves and stay ahead of the competition. We focus on three main areas to innovate and be sustainable: the corporate level, the business-relationship level, and the product level. We innovate on the corporate level and constantly question our supply chain and production processes. On a business-relationship level, we show our

innovativeness by presenting ideas about product improvements, but also conceptual ideas to improve the paint category constantly because we want to help our retail partners to be successful. The product level incorporates both paint innovation and making the product easier to use and better in quality. We conduct a lot of research on the applicability of the paint because it is similar to a car. It can be the best car but if the tyres are bad, then the performance and experience cannot be good. We also work on tool and packaging innovation, making it more sustainable and easier to use. At the end of the day, the most important question about innovation is: “What does it do for the end consumer?””

J.W. Ostendorf is the only paint manufacturer in Europe with hygiene certification (TÜV Germany), and the production processes emit up to 80 per cent less CO2 compared with the

paint-industry standard. The production is also certified according to the HACCP (hazard analysis and critical control points) standard derived from the food industry. Both of these accreditations signify the company’s commitment to quality and sustainability. “Our plant is designed to meet the highest quality and hygiene standards for every pot of paint that we produce. To get an idea of what that means, we would be able to even produce yoghurt in our plant. We are very proud that we are the only paint manufacturer that has received the German Sustainability Award (Blue Angel Award) due to us driving sustainable products for a sustainable environment for decades. The combination of supplying sustainable products in an equally high quality, no matter

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- Jan Ostendorf

if it is the first pot of paint or the one millionth one, is a key USP of JWO.”

JWO also focuses on innovative production technology to ensure an efficient supply chain. “Our platform concept is derived from the automotive industry. We manage the complexity of more than 35,000 articles in over 60 customer brands with multiple languages for more than 15 countries in Europe. To ensure the highest level of flexibility, we produce high-scale platforms to downgrade them to smaller volumes in a very short time. For our philosophy and way of working, we recently received the Open Innovation Award of the Zeppelin University Friedrichshafen (Institute for Innovation Management of the EADS), Germany.

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outstanding people and teamwork. Our employees are important to us, which is why we have implemented corporate health management. Employees have the chance to do yearly health check-ups, receive individual feedback on improvement opportunities on their workplace and way of life, and play sports in our sports facilities to stay fit. We believe it’s important to stay physically and mentally fit; therefore we offer an environment to our employees that encourages fitness. An additional benefit is that employees from different departments throughout the >

“The Jokey Group is proud of its long-standing business relationship with J.W. Ostendorf. We are pleased that we have been able to develop a number of successful product and packaging concepts with one of the world’s leading manufacturers of decorative paints.” - Thomas Schmidt, Key Account Manager, Jokey Group

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company exchange ideas and bond, which enriches the corporate culture. We are proud to say that more than 50 per cent are enrolled in the program, compared to an industry standard of only 8 per cent.

“Using sports is one of our means of connecting everyone within our business, from the front line to the top management, which includes the Ostendorf brothers. We have yearly events to invite employees and their families to promote a good atmosphere in the company, such as a soccer event and a JWO Family Day,” says Jens.

Personnel development and career planning are very important to the J.W. Ostendorf business. “Our employees are the most valuable asset of the company. We want to be attractive as an employer and promote a strong company culture, and encourage our personnel to have the chance to develop. We motivate our employees by having a flat hierarchy with fast decision-making processes. Open communication is significant in this context. Part of it is having a yearly development interview asking our employees where they want to be in a certain period of time. It doesn’t always have to be up; it can go up, go left, or go right. Individual career planning is key to us and ensures long-term employee retention and identification with the business.”

JWO has a clear strategy for the future and strives for new business internationally to grow and diversify. “Our main goal is to

show our retail partners that it is important to think about enlarging the pie, and not just increasing a piece of the pie. We therefore focus on helping the retailers to optimise stock levels; implement the right product, brand and price architecture; and discuss in-store, but also use multichannel communication. We aim to convince the retailers that it is possible to earn more money if the category is right. Online in this context can support significantly. We show retailers how to visualise paint and enable end consumers to get an idea about the product portfolio, hence convince them that the retailer can help in getting end-consumer projects done before entering the store.

JWO believes that success happens through partnership. Close relationships and collaborations with key partners ensure constant improvement. “We have the philosophy that we as a family-run business cannot be great at everything, so we have to focus on what we are good at, and we need to build strong strategic alliances with

partners. For example, we have strategic partnerships both with one of the leading raw-material manufacturers in the world, research institutes and universities to drive innovative products for the future,” says Jens.

Jan and Jens believe that J.W. Ostendorf has a bright future ahead, particularly since the organisation has a strong strategy for growing and diversifying the business. This includes extending the core business in several new areas besides the own-brand business where JWO already acts as market leader in Europe. “We have outstanding manufacturing capabilities both in Coesfeld and in Bordeaux, we have great employees, and we will continue to focus on our business relationships to add value to our retail partners. We are sure that JWO has great potential to grow in the future and continue our differentiation strategy. Because it is a family-run business, we don’t want to do crazy things; we want to grow substantially and be sure to keep our identity and be part of a sustainable great business.”

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A Group Perspective

The CEO Magazine sat down with Marc Ulrich Meier, Managing Director at J.W. Ostendorf, to hear his side.

What do you believe is the greatest challenge or opportunity that arises from being in a managing position in a family-run business?

One of the most valuable assets of J.W. Ostendorf is the long-term perspective of decisions that are taken while generating value for our trade partners and consumers at the same time. This objective also sets the benchmark for our internal processes—to be highly efficient, target-oriented, and in fit with our strategy.

What does your role play in this part of the business?

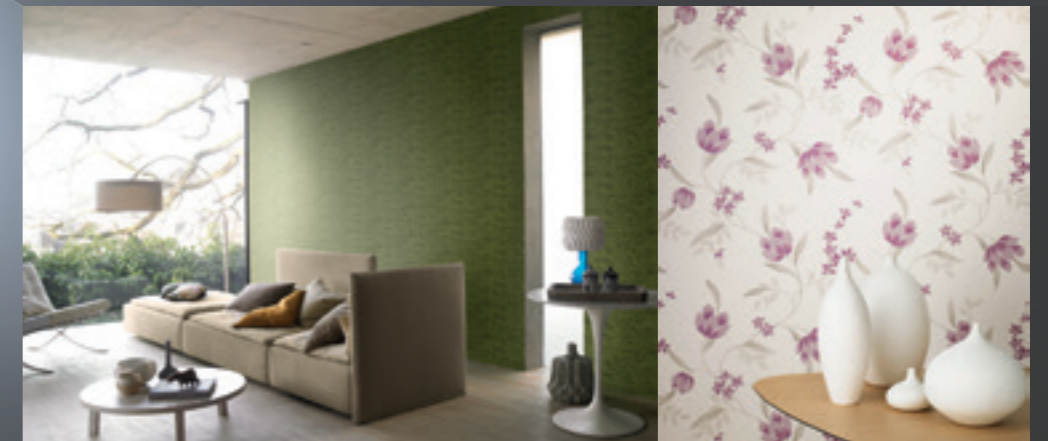
The branded business is one of the most important pillars in our strategy of growth and diversification. Our company, BRAND.IQ—a 100-per-cent subsidiary of J.W. Ostendorf—offers a broad brand portfolio including innovation brands such as ULTRA COLOR and designer brands such as b.b. home passion and Signeo. This business is expected to grow significantly within the next years in addition to our successful retailer business.

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