



Delivering QUALITY

The Mayer-Kuvert-network group is continually innovating to maintain its position as the leading producer and supplier of envelopes throughout Europe.

Images courtesy of Mayer-Kuvert-network

Tragedy struck early in 2014, when the Mayer-Kuvert-network's executive partner Edlef Bartl unexpectedly passed away. Edlef had been instrumental to the organisation's incredible growth and eventual domination of the envelope industry. The eight-person management team, which Edlef had established, has taken charge of the organisation, with Thomas Schwarz stepping up to the role of CEO. *The CEO Magazine* spoke with Thomas about his transition into the top job, and his plans to grow the company in a shrinking industry.

The CEO Magazine: Please tell us about your professional background up to when you took on the role, and how you think your experience is influencing your approach towards it.

Thomas: After my studies in business engineering in Karlsruhe

and Toronto, and after a few years working as a consultant for organisational and process optimisation, I joined the industry in 2001, first as a consultant and since 2003 as managing director of a company, which was finally acquired by Mayer-Kuvert-network back in 2008. From there, I held the position of managing director at several entities within our group, which gave me the chance to grow into those responsibilities. Therefore in 2013, when I took over the co-CEO role, I already had much experience.

When I entered the industry in 2001 as a consultant, I was involved in restructuring a small entity with about a €50 million turnover and approximately 350 people. We had to implement another ERP system back then and the company got into financial difficulties because one of its shareholders wanted to leave the company, so we had to turn to the banks.

The pool of banks then implemented me as managing director for the operational part of the business, since the owner was at retirement age and then moved to the supervisory board. As that company was just focusing on the German market, we had to enter into an M&A process in order to find synergies with potential partners with plants outside Germany to grow the business.

What were your goals when you took on the role of CEO at Mayer-Kuvert?

My primary goal was to keep the company on track because my colleague, the owner of the company, died all of a sudden. I was the second managing director, and then after his death I became CEO. So the first goal was keeping the same direction, staying the market leader, and following through with our growth strategy. >



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Since the beginning of the century, our group's strategy to become Europe's number one in a declining market has been to increase our market share by buying and restructuring companies that were struggling. Another strategy which is central to Mayer-Kuvert is innovation. I think we are probably the most innovative company in our industry throughout Europe: we have several patents in place for certain products, whether for a completely flat wallet for high-speed inserting, for envelopes with security features on the closure to protect documents from theft, or for pockets made from a special security material which serves as a RFID shield for IDs, credit cards, or other cards or storage devices for personal data.

Five years ago we became the first company which produced completely CO2-neutral envelopes in order to reduce their carbon footprint. Environmental protection is key to our company's

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philosophy. So besides the growth strategy, we have implemented an innovative strategy to invent new products and features in line with our environmental policy.

Our main strength is that we have a sound financial structure and also a good relationship with our financing banks, so we have that growth potential to purchase more entities in the future, and also the necessary funding to develop new products.

You may or may not know that 2007 was the peak of our industry within Europe, in terms of market volumes. Back then, there were approximately 110 billion envelopes sold in Europe, and our group sold around 13 billion of those. Today, we are looking at a market volume of roughly 63 billion envelopes sold in 2013—which is quite a decline—but our company sold 20 billion envelopes, so we do have a strong market share. Keeping our market share at the same

level is also one of our goals for the future.

Where do you see the market going over the next few years, and how are you going to respond to those changes to lead the company forward?

As I mentioned, in 2013 we had a decline in the market within Europe of around 10 per cent, and in 2014 we expected a four- to five-per-cent decline. My guess is that it will go on like this, so we are always looking for opportunities in order to grow our market share.

We have just introduced SAP along with some OLAP tools, so we now have the necessary software in place to keep on track for that goal. In addition, we have some innovative products in development right now. Some of these are within the mailing industry, making use of both the internet and print media. Therefore, we have invested in a



company that has developed a cloud service software which assists customers in one-to-one marketing and mail merge activities. To broaden our value chain we have invested in another company that is focusing on the fulfillment process—it's not just the envelope; it's also what is going inside.

In these days, it is necessary to digitally print in order to direct a mail product to the right customer base. So you have to do one-to-one marketing, which means that you don't just send the same content to any recipient, but utilise all of the information in your customer base to individually address each customer. So our goal is not just to have great products but to assist our customers in using them appropriately for maximum success.

How do you work with your staff to recognise talent within the company, and encourage the development of your employees?

Of course, without our employees we wouldn't be where we are today. You have to have a strategy, but in order to follow the route you are aiming at, you need highly skilled people in decision-making positions. Therefore, we have training plans and training sessions for our staff with content that is relevant for their field and position. That's how we first develop people for decision-making positions. In Germany, we also have dual apprenticeships, which means we hire people and

train them internally, while they also complete vocational education outside of the company. That's how we guarantee that we will grow our own workforce, not just from the market, but also internally.

How do you collaborate with key suppliers and partners, and what do you believe makes for good working relationships?

We need our suppliers for developing certain materials, like our material with an RFID shield. This is not possible with only internal resources. We are loyal to our suppliers and we consider them as partners, so they help us if we need them. They will support us when it comes to creating certain products and negotiating special pricing. On the other hand, we are supporting them by not just hopping between suppliers and buying from the cheapest one. This means that it is a gain for both sides—it is important to have sound suppliers in order to fulfil your day-to-day needs.

What do you believe the future holds for the Mayer-Kuvert network, and where do you see the company in five or 10 years time?

In five years time, our goal is definitely to be still number one within our industry in Europe. Also, we are investigating if there are growth strategies and opportunities to the side of our business. According to the guidelines, which our



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shareholders like us to perform, we will look into other fields which are related to our industry in order to keep our strong financial position. This means we are looking at possibilities for growth, not just in envelopes, but also within the packaging sector.

One of our strengths is that we have always been a family business. This gives us an advantage in comparison to our competitors, because we don't have financial institutes invested within our shareholder structure. Ernst Mayer founded the company in 1870 and Edlef Bartl took it over in 1983. Since then the Bartl family decides the direction. This is an advantage because it means we do not have investment companies which have an exit strategy. The family supports the strategy of our group, which is key for our future development. •

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