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Hot off the Press

One of the leading printing businesses in Europe, Euro-Druckservice has restructured and consolidated to ensure its future in a changing industry.

Images courtesy of Euro-Druckservice

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- Tomas Kramar

When Johannes Gutenberg invented the printing press in the fifteenth century, it revolutionised Europe. The technology enabled a much easier and quicker way to spread information and literature, and by the early 1600s the very first newspapers were being produced in Germany. Nearly 500 years on from Gutenberg’s creation of movable type, a new revolution is sweeping the printing industry—the age of computers and electronic type. The internet has changed the game for media and publishers around the world, and while they are adapting to the online environment, the effect is being felt by the printing industry. Euro-Druckservice, which was founded in 1992, is one of the leading providers of printing services in Europe and has witnessed this change in the industry over the years. By the beginning of 2012, Euro-Druckservice was struggling. A restructuring was required and in mid 2013 a new executive team was appointed. Tomas Kramar was appointed Managing Director of

the company, and immediately turned his eye to ensuring the company’s success into the future.

Tomas had a background working in management for large companies, and had experience in a number of industries, both in Europe and South-East Asia. “My background is mechanical engineering,” Tomas explains. “I did a masters degree in the Czech Republic and then I did a partial PhD in the UK. My first job was in FMCG where I moved between various positions, starting as a shift manager up to the production manager role. Then I moved to a more industrial company, moving their operations from Germany to the Czech Republic.” After some years working in management, including as a plant general manager for refrigeration company Carrier and a general manager for electronic manufacturing business Celestica, Tomas moved to Euro-Druckservice.

The role was challenging to begin with—Tomas was brought in because of his expertise in management and it was never going to be easy. On top of a

significant restructure and internal instability there were external issues; most notably, cost of materials and a weakening of the Czech currency. “When I started at Euro-Druckservice we were facing a significant raw material price increase. Printing is mostly about paper and ink and soon after the new management started we were facing a dramatic price increase of the raw material of paper in particular.

“The second major challenge, which came a little bit later, was a change in the Czech Republic. The Czech Republic is the core of our business. We are also operating in Poland, Germany, Hungary, and Romania, but the Czech Republic is the core. And there was an unexpected action by the Czech National Bank, which significantly weakened the currency in 2013. That had a huge impact on us because we pay for the raw material in euros. All paper and ink prices are based in Europe, while we receive our revenue in the local currencies. Therefore, that change of the local currency had a very significant impact on us.” >

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Ultimately, the company was able to overcome these challenges, which Tomas credits entirely to his dedicated staff and suppliers. "We overcame all these challenges through very diligent work and really investing in the growth of the company. Also, we took the strategy to streamline the supplier base and we worked under long-term strategic partnership with suppliers. We managed to overcome all these challenges and right now we have a company in growth mode and in a very healthy shape."

Part of this engagement with suppliers involved forming long-term partnerships with strategic companies and committing to these relationships. "We introduced a strategy of a long-term partnership with the three selective key suppliers where we are running long-time development programs," Tomas says. "We know all our partners, having had our regular meetings with them, and basically we are giving them the advantage of having the last calls in discussing all the issues in the markets. And we are not changing the suppliers just because someone offers us a couple of euros less."

It has been these strategies, along with the expertise of the new executive team, which has made Euro-Druckservice a sustainable company that is strategically growing its business in Europe. "The strategy was to be the best company in printing in Central and Eastern Europe and for that to happen we needed the right cost base. This was the goal I started with and then I wanted to move the company towards growth, so the goal was to become the undisputed market leader in Europe and we are currently moving towards this. We are the market leader in the Czech Republic, Hungary, and Romania, and we are number three or four in Poland.

"We don't have very much room to expand in these countries, apart from in Poland. So we decided the opportunity to grow is in Western Europe, in particular, Germany and



Austria. We saw the opportunity in Western Europe, particularly in Germany, but we also focused on Austria, Holland, France, and Scandinavia. But mainly in Germany we have seen excellent opportunities through our proximity to the German borders and also through our cost-structure advantage compared to Germany, and that is where we are expanding the strongest."

This growth into new areas in Europe has been helped by Euro-Druckservice's strategic position in the region. The company's operational headquarters is in the Czech Republic but it has local customer service representatives in key countries, which Tomas believes separates Euro-Druckservice from its competitors. "Our unique selling proposition purely is our geographic location, which means that we are serving the customers in different countries but we manage this customer centrally. For example, the big retailers that are well known like Tesco, Lidl, and many others, appreciate that they have one point of business which is the Euro-Druckservice headquarters but they have the local service that knows their local needs perfectly. We print for them in different countries; we manage them as a key account centrally so they don't need to discuss every single country. The contract is made on the group level but the service and customer approach is done at the local level where the people know best what a customer wants."

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Tomas says it all comes back to the people in the company who work incredibly hard to ensure the company succeeds. "I believe that we have the best people in the industry. We have excellent and skilled people at the group level but in particular we have fantastic teams at the local level—the teams who are driving the local operations and who are driving the local customer service. That is unique to Euro-Druckservice and that is our greatest competitive advantage."

However, as hard as the staff and executive team work, the printing industry is facing tough times. Tomas and Euro-Druckservice's approach is to be the strongest business in the region. It will look to acquire other printing businesses as the market contracts, which Tomas believes will ensure Euro-Druckservice's future. "We really want to become the undisputed market leader in printing in Central and Eastern Europe. There is over-capacity still in the market so the only future for the printing industry in the region is consolidation. The strong ones will become stronger and the weak ones have to disappear from the market and that is the way we are working forward. We believe that we are the strong one. We want to be even stronger, and we are driving the consolidation of the market. We did it in some countries and we will continue with this strategy." •