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PIONEERS in Extrusion

For more than 100 years, the family-owned and -operated Reifenhäuser Group has led the way for innovative technology in the plastics extrusion industry.

Images by Armin Höhner

In 1911, Anton Reifenhäuser opened a small forge in Troisdorf, Germany. Later his son Hans developed it further to a machine-building company. By 1948, together with his brother Fritz, Hans had sold his first extruder for the processing of thermoplastic materials, which sparked the start of the Reifenhäuser Group's success story. Over the decades that followed, the family-run business gained global importance and today it is the largest manufacturer of its kind in the world.

Reifenhäuser consists of seven business units. Its operations are led by the third-generation Reifenhäuser family with Bernd Reifenhäuser as CEO, and brothers Klaus Reifenhäuser and Ulrich Reifenhäuser. Bernd came into the role seven years ago and set about implementing some strategies to ensure the success of his grandfather's legacy for many years to come.

The CEO Magazine spoke to Bernd about the family dynamic at Reifenhäuser, the changes he

brought about, and his commitment to ensuring the future remains bright.

***The CEO Magazine:* What is your career experience before you joined Reifenhäuser, and did you always know that you would end up in the family business?**

Bernd: I started my career in the automotive industry with a big American automotive supplier. I stayed with them for more than 14 years. I was with this big corporation working on the operational side and I have been in leading positions running plants and running divisions in different sizes up to the biggest unit they had. After that, I joined a private equity firm that specialised in turnaround businesses. While working there I gained extensive experience in restructuring and setting up new business plans and then really executing them. I hold that as a very valuable educational period of my life. I have always been very much hands-on with management, and the operational and strategic set-up of businesses.

During that period, I did not know that I would be part of the family business, at least not in the operational business. But in about the late 90s I was called by my father to be a member of the supervisory board. After his death, I took over as president of the board. So first I got insights from the outside and afterwards the family decided that I join the operational family business to transfer the experience to it that I gained in the outside world.

What are the pros and cons of being a family business?

There are three ways of organising shareholdership in a company—the stock market, the investor-based shareholdership, and the third one is family. There's not much more, although there are some hybrid forms.

The family can be a superior form of shareholdership for several reasons. You get faster decisions, you think more long term and you enrich the vision and targets of a company by more than just profit maximisation. I know that >



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corporations also have core values and carry them forward, but the CEO generally changes on average every three years at the big corporations. It can be hard to follow up on strategy when the leadership is changing regularly. At Reifenhäuser we believe in the advantages of a more consistent leadership. The key is to marry the advantages of corporations and private equities with that of a family business.

When you came into the CEO role seven years ago, what was your strategy and what things did you implement to put the business on the right path for future success?

We built up the organisation by setting up individual business units with clear leadership in terms of sales, development,

design, production, and service teams to give them a clear direction. The aim was to build more flexible, smaller vehicles in between a bigger group with a clear focus on their target markets and their customers.

However, we have a strong holding structure where we still keep the synergy of the total group intact. Besides that, we recognised what the strong side of Reifenhäuser was and how we could strengthen that. We set up a strategy which was able to fit in with the brand but is also able to lead us forward.

What have been some of the biggest challenges you had to overcome?

The greatest challenge happened seven years ago when I started because it was the time of the Global Financial Crisis. I think I started about four weeks before that hit. It was a dramatic moment; however, we set up our long-term strategy, did necessary

restructuring steps and then followed the strategic path.

We wanted to grow and we wanted to get stronger. So in August 2009, when a lot of companies were in a critical financial situation, we acquired a major competitor and invested even more in research and development. We said, ‘We believe in our strengths; we believe that the market will come back; and we did that acquisition and the investment in the future. Really the mantra we were saying all along was, ‘We take the crisis as a chance to get out stronger than when we came in’.

Besides the investments, we worked on our organisation and standardised to become more professional. We installed an operational strategy which had four numbers in it: zero, 100, 30, and 40. We were striving for zero defaults, 100-per-cent delivery performance to internal and external customers in all departments, 30-per-cent

continuous improvement through lean programs, and 40-per-cent continuous growth organically or through acquisition. Our actions paid off—the year after the crisis was a record year for us.

What is your vision for the future of the Reifenhäuser Group?

We were running a five-year strategy plan which is based on four main pillars: technology leadership, best network, reliability, and sustainability. We are already the biggest and strongest extrusion machine manufacturer but our target is to grow faster than the market. For each business unit, we want to become the leader or to stay the leader. We believe in the growth of the plastics industry. There will be an increasing demand for machines built for the converting and extrusion of plastics.

After restructure and consolidation, we have started, as of last year, on the next five-year plan. In the future, we don’t only want to be a machine designer and manufacturer; we want to deeply understand the demands of the full value chain, from the raw material to the very end product.

Plastic is a material of growth and change, and it is a very young material with a lot of innovation surrounding it. So we think we are set up very well by following technology leadership, being connected in a fast-changing world which is demanding, having the best network inside and outside, and having a strategy which focuses on reliability and sustainability. We have done very well, I think. We are growing constantly and I am convinced that we are in a position to grow even more.

If you could sum up what makes Reifenhäuser unique and competitive in the market, what would that be?

In all of our business units we focus on one technology, even with different end markets: designing and physically building extrusion machines. We are very committed



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to our business and we put all of our resources into it. Therefore, we have the biggest leverage know-how. The business units talk to each other and combine their projects. This is an advantage which no other competitor has.

How do you collaborate with your suppliers, partners, and shareholders to ensure future success?

The suppliers are key to us. We evaluate the product or service from them, not only by cost but also by how they value their internal strategy with regard to technology, networks, innovation, reliability, delivery performance, continuous improvement, and also sustainable and economically stable growth. We want to have long-term contracts and suppliers which are demanding and also, in a positive way, aggressive. With our partners, we want to look at the whole value chain. We have the capacity and know-how to be a

competent partner and deliver more than just a specification. This is what customers expect from a German manufacturer and this is very clearly the road we want to go on to stay in a leading role.

With regard to our shareholders, they are all family members. This makes collaboration easier, and in the other sense more difficult. If you are a shareholder in a big corporation, you are concerned about the share price and the dividends, which is pretty simple, as well as monetary targets. But as a family, you obviously are concerned about more levels than that, which makes it more complex but which gives you an advantage on the other hand: family shareholders are much more connected and deeply feel a responsibility to look after the company and its employees. We think and act much more in the long term. We do not do business to sell it. We do business to grow it. ●



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