

Opportunity knocks for Kroenert

2009 was a good year for the Kroenert Group, a German company which confronted the financial downturn with conviction and recognised opportunities when others saw crises

Last year the whole converting industry was massively affected by the worldwide economic crisis. Many machine builders have reacted to declining orders by restructuring their organisation and reducing staff levels.

Max Kroenert, however, used the depression to start a major research and development offensive. C2 met Kroenert Group managing director Walter Reiter for an exclusive interview about the current situation and thoughts of the Hamburg-based coating specialists.

C2: "How has the economic climate affected Kroenert?"

Walter Reiter: "Despite the negative circumstances we look back on last year as a period in which we saw reasonable development. Although our turnover has dropped significantly, we achieved a well-balanced result as a group. In the field of plant engineering – encompassing Kroenert, BMB and Drytec – we even closed 2009's books with a profit."

C2: "How did you manage to work profitably in times of worldwide recession and an extreme sales crisis in the machine building industry?"

W. Reiter: "By doing without externally processed orders and working on production volume almost completely by ourselves, we enjoyed an efficiency that was acceptable. Of course, short-time work, flexitime accounts and the flexibility of our employees helped us to withstand these difficult circumstances. Some of our suppliers have disappeared because of the crisis and some competitors have also suffered heavily."



Walter Reiter

"We also benefitted from the fact that we had already completed the costly modernisation of our Hamburg site and the building of a new hall before the climate got rougher. While markets in Europe and the US were slow, there were positive opportunities to be found in Asia. In Latin America business was also very good but, due to our market structure, mainly BMB profited from that."

C2: "Since Kroenert was also affected by the absence of orders, how did you react to the downturn?"

W. Reiter: "Of course the last year was shaped by few new projects and extremely reluctant customers. But this gave us the chance to dedicate ourselves intensively to research and development work."

C2: "What was the content of this work?"

W. Reiter: "We have dealt with a number of new developments outside the traditional label sector in the field of wax and epoxy resin. We have also looked for new solutions for the

coating of construction and compound materials as well as battery and solar films – and found them. In the course of this we have closely collaborated with science institutes and material developers."

"A further focus lay on the co-operation with other manufacturers to develop and apply new technologies. We have developed four different curtain dies in Hamburg. Methods and patents for coating technology and precision optimisation complete the range. We are, of course, proud of two new machines that we have launched – the compact coating and laminating line, PAK 610, and the laboratory machine LabCoat" (see page 43).

"Furthermore, BMB has tested new winding concepts, while Drytec tried out new drying technologies. From this point of view, 2009 was a good year in regard to development possibilities. We used this enforced time well. We recognised an opportunity when others saw as a crisis."

C2: "Were you able to avoid redundancies?"

W. Reiter: "Yes, we have kept our complete staff and thus lost no technical competence at all. I think abrupt cutbacks in staff are problematic. If you release a 63-year old without a well-sorted succession plan, you will automatically lack decades of experience, which is very hard to replace, especially with regard to service."

"Our personal resources enable us to be at a customer's facility in one or two days. An American customer recently told me that our German and Swiss service technicians arrive at his plant faster than the employees of American suppliers."

C2: “Were there any setbacks during recent months?”

W. Reiter: “Definitely. Unfortunately we lost a lot of time applying for economic grants and eventually came to grief when confronted with bureaucracy.”

C2: “How did your customers react to this?”

W. Reiter: “Many users have developed new products themselves and closely collaborated with us to some extent. Our technology centre with the TC III enables our customers to test new measures with us at our facility. We had the opportunity to try out application and production possibilities for highly interesting products outside our traditional portfolio. In Europe manufacturers did not twiddle their thumbs but did what they do best – namely develop new products.”

C2: “What expectations do you have for 2010?”

W. Reiter: “Our backlog of orders for the beginning of the year is promising and the financial situation improving. Of course the current price quality corresponds with the buyer’s market. With regard to incoming orders and turnover, all our planning data is looking good. Our



The new Kroenert PAK 610

strategy is to further concentrate on our own strengths and development capabilities.”

“As a result of last year’s comprehensive research work, we expect orders from the solar and chemical industry. The exciting thing about this is that these involve high coating demands so that every machine we build in this context will be unique.”

C2: “Do you expect the market to get better or worse?”

W. Reiter: “Without doubt the whole converting industry has experienced challenging times, which is not very positive because competition increases pressure to excel with innovation. For the future, a closer co-operation with partners is an option for Kroenert. The machine-building sector could also experience some concentration. Although there are currently no such plans, both acquisitions and associations with a strong partner are possible.”

FACTS

■ Hamburg-based Max Kroenert is one of the leading manufacturers of coating and laminating lines for web-based materials such as paper, film and foil. To further develop this know-how, the company has merged with other specialised suppliers. This includes Bachofen + Meier (BMB), a well-known Swiss producer of high-performance finishing lines for the coating industry. The group is completed by Drytec, also based in Hamburg, manufacturer of drying, UV-curing and humidifying devices for web-based materials. Altogether the Kroenert Group employs 225 people – 120 (including administration for the holding) work directly at Kroenert, 65 at BMB and 40 at Kroenert. Finally, 20 trainees complete the staff.

C2: “What truth is there to the rumours that Kroenert is planning to sell stakes of BMB?”

W. Reiter: “None at all. After the successful merger of the two companies this would make no sense. I think this assumption only came up because we sold the former BMB sector of coaters for paper production to Andritz three years ago. There is absolutely nothing to rumours about further sales.” ■

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