



A MAN AND HIS MISSION



Rafael Peñuela Torres

IN AN EXCLUSIVE INTERVIEW, CEO RAFAEL PEÑUELA TORRES SPEAKS FRANKLY WITH NICK COOMBES ABOUT THE REBUILDING OF MANROLAND SHEETFEED FROM THE ASHES OF INSOLVENCY FIVE YEARS AGO.



NC It's now five years since the dark days of insolvency – tell me about your background with the company.

RPT I began as Head of Finance in Spain in 1992 where, as in most countries, independent distributors represented MAN Roland as it was known back then. This all changed in 1999 when most of the distributors were acquired and I became a 'Roländer' and through various moves ended up as Head of Sales Sheetfed in our Offenbach HQ. At this time, remember, sheet fed and web fed were all one company.

NC How involved were you with the insolvency negotiations?

RPT The process began in November 2011 and under German law the company had three months to find an investor to allow it to continue trading. We must have had more than a dozen companies who showed interest, from competitors to those outside the print trade – it was like a beauty contest in which we had to show off our best assets!

In reality, it looked as though we would struggle to find a satisfactory resolution in the time available, but Tony Langley had been waiting in the wings and came forward in late January, when it was clear that other parties, for whatever reason, could not proceed in the timescale. On the 9th of February 2012, he became the new owner of Manroland Sheetfed – the web division had already been sold off at that stage.

NC So what did Langley actually buy?

RPT All of the former Manroland AG sheetfed division assets – buildings, stock, debtors, plant, machinery – everything, including the shares in our 40 or so market organisation subsidiaries around the world – and of course, he took over responsibility for the people. It was his largest acquisition at that time and a major financial commitment. It was also a great fillip to our self-esteem and confidence that someone from outside

the industry saw Manroland as a viable business going forward.

NC Was the changeover difficult?

RPT The insolvency was the difficult part, from the moment Langley stepped in we were on the up. By the time everything settled down, we were left with around 1000 staff in Offenbach and another 1000 around the world and able to carry on trading normally – to complete presses under construction and fulfil orders that we had in the pipeline. But you must remember that the market was still struggling from the effects of the global financial crisis and trading conditions were very tough.

The whole situation was very uncertain, but we had an installed base of around 10,000 presses to support globally and many loyal customers that relied on our presses to run their businesses. This presented both an obligation and opportunity. We also managed to retain most of our talented people in R&D and production, which was vital in our efforts to make a seamless transition under the new ownership.

NC I imagine there was a major change in management style?

RPT Oh yes! We had grown up with a big corporation mentality, like so many companies of our size and complexity, with many and various layers of management and protocols that needed to be observed. That all changed – and frankly, it needed to.

We had to become more nimble and reactive and that involved adopting what Germans call a 'Mittelstand' mentality. The principle is one of 'hands-on' management, with the yardstick of 'would you spend your own money this way?' The aim was (and still is) to live within our means and not spend what we don't have. It was certainly a culture shock to many of our employees, but to their credit, most adapted. Those that did not are no longer here.

NC What were the priorities when you started to rebuild and how well have you done in those five years?

RPT The priority was a change of mindset and continuity of operations. The old business culture disappeared overnight – it was tough but it was the only way forward. And, we had a commitment to our customers that needed fulfilling, so there was no time to ponder. We promoted a number of new managers, who brought new ideas, and removed the old diluted responsibility practices of board meetings, committees and the other paraphernalia that goes with a large organisation.

There is now a far greater degree of personal responsibility and accountability because we run the company with fewer people who are empowered to make decisions. On the physical side, we concentrated all our factories in one place and financially we learned very quickly how to live within our means. For our customers it has delivered the continuity that gives them security – and internally it has brought about a mood of optimism and sense of challenge that was missing before.

In practical terms, we developed and launched a new press platform, the Roland Evolution 700, in a two-year timeframe. That would have been unheard of in the old days. The Evolution has been very well received by the market and we have shipped more than 500 units to date. In financial terms, I believe we have done quite well. Langley has not had to inject any further cash into our business and we have reported black figures in each of the last five years. What's more, in cash terms, we have returned Langley's investment in full. So yes, I'd say we have done quite well.

NC How do you assess the market for sheet fed offset presses?

RPT I believe the future for sheetfed offset is bright in the short and the long term, despite the changes that are occurring in our industry. But those manufacturers that do not adapt, as Manroland has done, must also be at risk of failure. If Manroland was not 'too big to fail', then neither are the others.

IT WAS A GREAT FILLIP TO OUR SELF-ESTEEM AND CONFIDENCE THAT SOMEONE FROM OUTSIDE THE INDUSTRY SAW MANROLAND AS A VIABLE BUSINESS GOING FORWARD

IN CONVERSATION

We see ourselves as one of five major players – three German and two Japanese in the market sectors we serve, namely B2 and larger. While China, for example, has many manufacturers of presses, they are still principally for domestic use and we do not see the situation changing significantly in the foreseeable future. In Germany particularly, where printing was born, the technology has evolved over many decades and Manroland has always been at the forefront of invention and innovation in print.

“AND THEN OF COURSE THERE IS THE BURGEONING GROWTH OF PRINTED PACKAGING WORLDWIDE, AS CONSUMER DEMAND INCREASES FOR BRANDED GOODS. THIS IS A CORNERSTONE OF OUR BUSINESS”

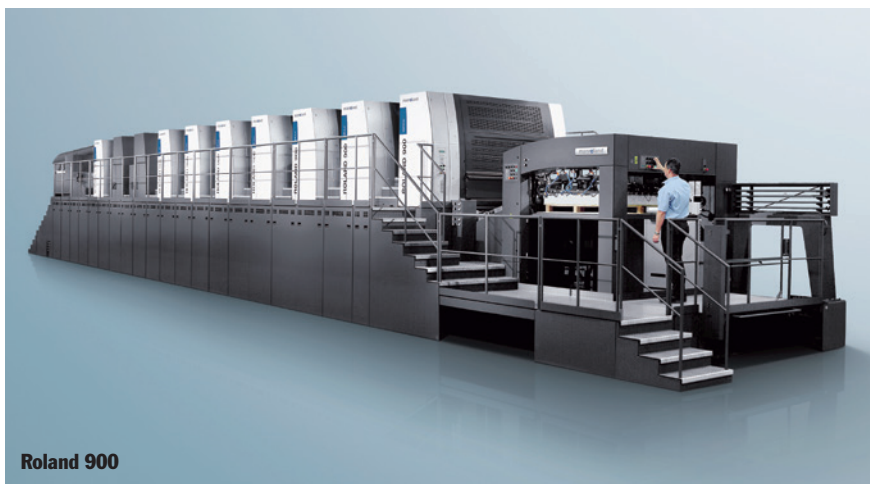
There are two drivers – packaging and commercial. Personally, I believe offset printing has a brighter future in the commercial and publishing sectors than many others assume. This will come from

the emerging nations where the high levels of illiteracy will be overcome with the printed word, not with ‘tablets’. One has only to see how many Government sponsored schemes there are in Africa and Latin America to increase access to schoolbooks to appreciate the business opportunities for offset printers. India, South East Asia and the aforementioned China have similar issues. And then of course there is the burgeoning growth of printed packaging worldwide, as consumer demand increases for branded goods. This is a cornerstone of our business.

NC What does today’s Manroland have to offer printing companies?

RPT From the outset we decided to retain our full portfolio of presses. So we still offer a B2 range, even though we did not enter this segment of the market until well after our competitors – but traditionally, Manroland is known for its medium and large format presses, known as the 700 and 900 series machines.

We have of course pioneered many of the features that today are taken for granted. Our latest offering is the Evolution 700 series, which is without doubt the



most technologically advanced press available. Manroland still stands, as it always has, for technology lead and extremely well designed and built German engineering – with all the reliability and performance that implies.

NC Is it all about the technology?

RPT No, it isn't. There's the essential element of service. It's not just about selling the best printing press in the world, it's about supporting that press throughout its entire life to ensure that it always performs to the optimum, day in and day out. This means going much further than simply

replacing parts when they wear out. It means developing a close working relationship with our customers, understanding their business and working with them to achieve optimum efficiency, not only from their press, but from their processes as well. We call this TOP: Technology – Organisation – People. At the end of the day, we have one goal with TOP, to make our customers as efficient as they possibly can be.

For the most part we provide this support through our forty or so daughter companies. In the places where we do not have such operations, we use well established and trusted Sales and Service Partners, backed up of course by our experts here in Germany. Essentially, we are working to make our customers competitive and profitable in a highly competitive industry and we consider any user of our presses a potential partner for life.

NC Where does Manroland stand in the digital market?

RPT In terms of where offset is today, we do not see digital as a major threat in our principal markets of packaging and high quality commercial print. Only a small percentage of all print is produced on digital presses today, whether inkjet or toner, and the cost per sheet for most run lengths puts offset way ahead.

With the advances we have made in speeding up make ready and job changeovers, even on runs as short as 1,000, we can compete with digital. Of course, what digital can do that offset cannot, is personalise – so for versioning

of the same product for very short runs it's clear that digital is the way to go. However, we do believe there is potential to marry digital with offset and we have a declared interest in Landa's Nano-technology, but essentially we view digital as complementary, rather than directly competitive.

NC What are your medium and long-term goals at Manroland Sheetfed?

RPT With the speed at which things change these days, it's difficult to define medium and long term. In general, we're looking to build on what we've achieved in the past five years. We managed to trade through a very difficult period and now have a clear understanding that demand will never return to pre-2007 days and know that we are now correctly structured to current levels of business.

With our new operational efficiency, the company is viable on fewer than 500 printing units per year, but we have maintained capacity to more than double that number with very little up-scaling of costs. We will of course continue to develop our portfolio of presses and services to offer the best we can to our customers, so that they can grow their businesses.

At the moment, we are working on more retrofitting of several different features for automation and looking further forward, have plans for an Evolution version of the Roland 900 series. One thing that has not changed is that Manroland Sheetfed is continuing to shape the future of offset printing through technology.

NC So where does Langley Holdings and Tony Langley fit in these days?

RPT Fully committed is the best answer I can give. We enjoy the security of being part of the Langley Holdings family of businesses, but have a great degree of autonomy and know that Mr Langley takes a long-term view of his investments. As far as I know, in 40 years he has never sold any of the businesses he has acquired and doesn't intend to. He proudly calls himself a 'Roländer' and takes a keen interest in what we are doing – but he doesn't get involved in day to day running because we have already embraced the Langley culture of business management. The Group is very successful, despite the fact that different elements are at different stages of their market cycle. He has a deep understanding of business and a strong belief that we are heading in the right direction.

NC Are you pleased you took on the task of rebuilding the company from the ashes of insolvency?

RPT Absolutely! It's been very rewarding to know that we have not only saved a fine old institution but brought it into the 21st century as well, not to mention preserving many hundreds of jobs and continuing to support many thousands of print shops around the world. It doesn't bear thinking about how much those printers would have suffered if the company had disappeared. For sure, the print world as a whole would have been the poorer had we not succeeded. Now we have a spring in our step – and an eye to the future. ■

manroland

sheetfed

