



Münzing goes for growth: one hundred and seventy five years on

Older than Bayer or BASF and still one hundred per cent family owned, Münzing Chemie GmbH remains rooted in same location where it was founded nearly two centuries ago. Its technologies have evolved but yet retain an uncanny resemblance to the procedures and the advanced thinking of the founder. Leveraging these technologies into the 21st century has been the responsibility of the sixth generation and the young Michael Münzing seems well prepared to show that the time of successful family companies is back in the ascendancy. Dr Michael Münzing has a doctorate in hydrogenation of natural oils on which he worked in Switzerland, business experience in the chemical industry in Europe and the USA and a broad mature view of the world. It seems a perfect mix for someone to take over a family chemical business in Germany.

In fact it was not such a different training than Friedrich Michael Münzing (1807-1879) had six generations before when he started the family business. Classed as one of the first true Europeans he travelled and studied widely and had a number of business experiences before founding his company in 1830.

The business was established to make sulphuric acid for the needs of the developing local textile and paper industries at the request King Wilhelm I of Württemberg. Eventually, production was extended to soaps and candles, and later stearic acid was produced for use in leather processes. Nearly a century later, in the 1920s, production was completely reorganised and began to include sulphated oils for the leather industry and emulsifiers for the textile and paper industries.

During World War II, production facilities were destroyed, but by 1947 new facilities had been constructed in the industrial area of Heilbronn. It was at this time that the foundations for the three business units of Münzing Chemie GmbH were laid:



Mr. Von Rauch (right) and Dr Eubel in front of the reactor controls.



Jürgen Hofmann, Dr. Michael Münzing, Dr. Wolfgang Münzing, Dr. Heribert Schmitz.

Additives for coatings, leather, paper and waste water.

To meet the requirements of the global market and to satisfy customer needs, a new centre for research and development and technical assistance was constructed in 1988. In May 2000, Münzing Chemie GmbH acquired Ultra Additives in the USA.

The present Michael Münzing appears to appreciate the resource-based view of business and since taking over control in 1994 has stayed largely true to the tradition of fatty chemistry. In discussion he is clear that every company is unique in terms of its resource base, which has been built up over many years, and is determined to maintain the uniqueness of the business by the steady accumulation of appropriate capabilities.

He also notes the role a German company can play in this new global environment, one in which knowledge is increasingly seen as the critical resource. To achieve a sustained competitive advantage resources and capabilities must be: valuable, rare, inimitable (hard to copy) and organised. In the crowded world of leather this is the battle which Münzing has successfully fought these last few decades. In his dialogue it is clear that Münzing sees knowledge and technology as incorporated into a dynamic theory of enterprise growth.

In China, for example, they recognise some variation in quality needs in the market place. Since all Münzing's leather products are made in Germany they cannot reach the high volume low end of the Chinese market but must concentrate on the middle and upper segments. "As soon as your products are exchangeable you come under price pressure, and price pressure absorbs profitability."

The company has some specialisation in selected leather types such as water resistant leather, car seat leathers, and soft leather for garments and general upholstery. It has good degreasing products as well as fatliquors for double face production.

The overall strategy they tell us is "not to be a supplier, but a partner. One of our strengths is the customised solution". As Jürgen Hofmann enjoys telling his partners, "we like it when ➤



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a customer brings us a problem, and we can develop a solution which may involve a special new product, for which they even can have exclusivity."

This is where the resource-based nature of the business comes into play. This is a company that "does reactions" rather than just being blenders and the reactors and the reactions that it uses come from its highly specific history and knowledge. Small reactors as well as large mean that small lots for individual tanners can be economically produced. Its ability to handle liquid chlorine which is used at the start of the process to make its important waterproof Ombrellon fatliquor range is typical.

This is their creative new slogan "Creating Additive Value" a little more understandable. In its development set-up the Research and Development people were deliberately put together with Marketing to enhance the informal contact between the business units, and global technology and marketing meetings are held to help this process.

Leather is about 30% of the turnover, and, next to coating additives, is the biggest sector in which the company works. It has been doing well at the start of the 21st century. 2005 will certainly prove to be a difficult year for all aspects of the leather industry but the company sees no reason to change from a positive long term outlook in the sector, and in what Münzing can achieve within it.

From the Penrosian perspective, the firm strategically shapes



Münzing Chemie GmbH neatly situated near the vineyards, in the same location where it was founded nearly two centuries ago.

the market, rather than reacting passively to it, but within a moving, historically contingent environment. According to Michael Best of Cambridge University, as firms develop and respond to productive opportunities they alter and further differentiate and, in the process, recharacterise the technological, product, and organisational parameters of the "market"—he could well have been referring to Münzing Chemie GmbH, past and present. 



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