3D DYNAMIC

to packaging demands

Bringing together three of the most prominent packaging specialists under one brand – The Packaging Group (TPG) – sends a bold, clear and ambitious statement of intent to the market. The German triumvirate will share unique synergies, while continuing to conceptualise solutions for customers from a single source and operate a collective commitment to environmentally-friendly packaging materials. Report by Daniel Barnes and Andy Probert.

The Packaging Group (TPG), created by HQ Equita, has brought together three leading packaging companies under one organisation for the first time: the arrival of WOLF Verpackungsmaschinen GmbH complements that of FAWEMA GmbH and HDG.

Founded in 1920, FAWEMA has the largest machine range for packing flour, sugar and cereals, while Lindlar-based HDG is a leading manufacturer of forming, filling and sealing systems for side sealed pouches.

With a 200-strong workforce across several locations, including an assembly plant in China, WOLF, headquartered in Lich-Birklar, is a central point and top-tier producer of sophisticated vertical form fill and seal machines as well as horizontal flow wrappers for food manufacturers, industrial goods and chemical sector clients.

All three are now primed as a collective to develop specific packaging solutions for the market. In addition to joint

Frank Stehling, CEO

product developments, a new unified sales and service network will advise and support global customers on the brands' product groups.

Frank Stehling, appointed TPG's CEO in December 2019, was first brought into family-run WOLF in 2016 to offer more structure and vision, accelerate growth and expand into new markets, such as Eastern Europe and Russia.

Mr Stehling commented: "We felt that to have a broader portfolio, improve our position in Asia, exposure in Europe and to progress further, we needed a partner that would bring additional products into the mix.

"We understood FAWEMA and HDG were looking to extend their business bases as well. So following discussions in 2019, we agreed the complementary strengths of all three brands could form a terrifically strong force in the market."

Advancing brand strengths

Hence, HQ Equita, part of the Bad Homburg's Harald Quandt Group and strategic partner for medium-sized companies in Germany, Austria, and Switzerland, bought a majority stake in WOLF in 2019, a year after achieving similar stakes in FAWEMA and HDG. And so The Packaging Group was born.

Mr Stehling added: "We have an interesting strength in coming together: HDG is very strong in Europe, FAWEMA has a major presence in the US and Africa, and WOLF has brought its regional footprint strengths from Asia and the Middle East.

"Since December 2019, we have built our global sales platform, unifying the teams and combining their strengths. We have also merged the service units and have been training our technicians in the different regions to be close to, and address the support needs of, all clients whether they have FAWEMA, HDG or WOLF machines."

The sales structure has been on geographical lines: Asia and Middle East, Africa, the US and UK, and Europe, of which Arno Wordermann heads up.

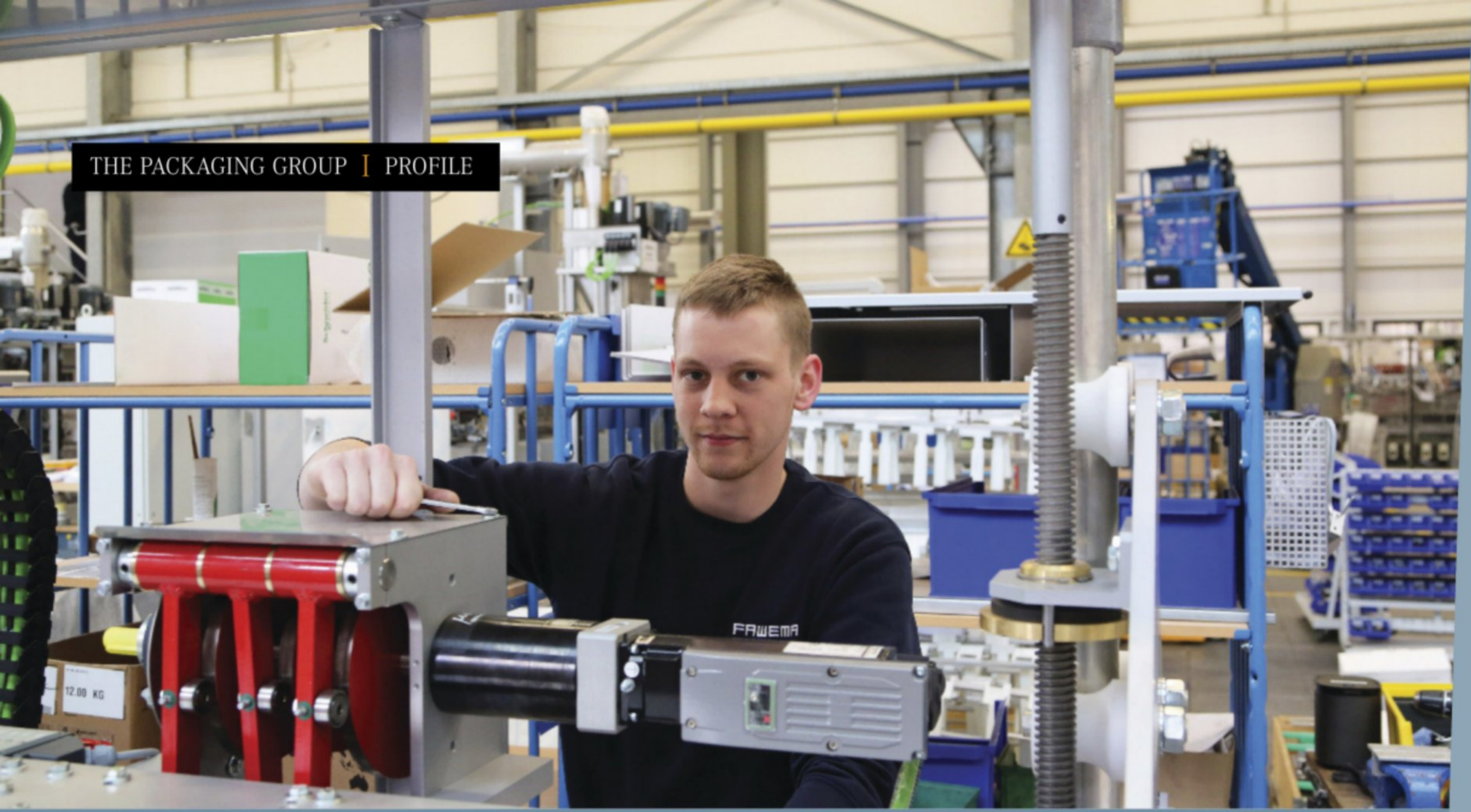
"We have now a bigger portfolio, as well as strength in depth, greater knowledge and experience across our sales teams," Mr Wordermann said. "Our customers have welcomed our ability to consult on such a wide product spectrum."

Mr Stehling confirmed: "Having one dedicated regional sales team means we don't confuse a customer in the context of who to approach, what product they require, and where to find support. If they want an HDG machine and a FAWEMA machine, you only need talk to one person. Access to one sales team and technical support makes it exceptionally easier for clients."

Cutting-edge innovations

HQ Equita has invested double-digit multi-million euro amounts in combining the brands while retaining the family owners of the ventures, and the joint vision is to create a €150 million business together.

"It's a long-term approach, and the targets are high and challenging, but ➘



now we are close to €80 million, so there is a good amount of headroom to fill," declared Mr Stehling.

"We are reviewing each global market, predominantly the growth sectors of Asia, Middle East and Africa, while from a segment perspective we're heavily investing project management money into the pet food and snack food areas, and recyclable packaging materials, such as paper."

While FAWEMA celebrated its 100th anniversary in 2020, it has progressed from the days of just packing flour in Germany. It now has machine ranges that pack building products, pet foods, snacks and much more.

Based in Engelskirchen-Ründeroth, FAWEMA remains very much at the cutting edge of development thanks to its entire know-how of packaging technology and its design concepts from product feed to palletizing.

Mr Stehling added: "With the trend and recyclable pressures from societies globally to focus more on paper packaging, FAWEMA brings that unique competence in the area. It also has been very strong in powder applications, and their filling stations are of high quality."

While HDG offers premium machines, with some 500 now operational across more than 80 countries, it continues to focus on delivering highly innovative equipment for form, filling and sealing systems for side sealed pouches, but with the bonus of entering new markets through the TPG dynamic.

WOLF has maintained a strong presence in the market, achieving strategic partnerships with industry leaders such as Nestlé and Unilever.

Managing evolving market demands

WOLF has enjoyed a near-30-year partnership with Nestlé, providing machines predominantly for the food giant's Asian operation but then growing worldwide, firstly for baby food powder and then branching into different segments, such as confectionery and frozen food.

"Nestlé is the most demanding customer in the world for hygienic packaging, as well as the quality, standard and reliability of machines we supply as Nestlé invests heavily in automation," noted Mr Stehling. "Indeed, those demands from Nestlé have fuelled WOLF's drive, innovations and standards across all its machines, from over-feeders and dosing to packaging."

This has led to WOLF being selected by Nestlé as it is building premium machines with functionalities on top of high electronic performances.

"WOLF is looking to be strong in the US and Africa through our new arrangements, while maintaining excellence in the low-cost automation space," Mr Stehling continued. "Low-cost automation has been a growth segment in the last three years globally."

WOLF's Chinese factory is tasked with making this low-cost automation; basically machines reduced to the minimum of the functionality, but still designed and engineered in Germany.

"This has proved an attraction to another multi-national company in lowering their CapEx in their growing regions. Several multi-nationals are in Asia and Africa, and they understand that it doesn't pay to equip those factories with machines that require high and stable operations standards.

"They are happy to focus on low-cost, high quality, technically reliable automation," said Mr Stehling, who added TPG now employs 400 people across four production sites (three in Germany, one in China) and several sales and service offices globally.

Reflecting on 2020, Mr Stehling admitted that Covid-19 had led to a set of unforeseen and unique challenges, including the commissioning of new machines from clients, forcing them to create new practices, methodologies, approaches and guidance.

"We were able to ship machines and create digital factory acceptance tests at our end, while clients used virtual-reality glasses and shared videos to help them understand and implement the machines. It worked very well," he asserted.

"I think this will remain, even after Covid. For many customers, it means they won't have to come to a production site to commission a machine, but simply request a certain level of documentation that makes it more effective for all."

On the market side, TPG has been able to close a deal with a European mass producing company wanting to package masks with plastic film in their machines. Producers of flour have shifted production volumes to ↘

small package sizes, fuelling a rise in the demand for machines.

Mr Stehling said: “Consumers have shifted away from confectionery as they want to live healthier and turned to more flour-based clients of ours. FAWEMA, as our leader in flour packaging, has been very fortunate to benefit.

“There has also been extra business in Africa, Middle East, Eastern Europe and Africa across the three companies as we can provide localised solutions and local technicians as close to the client as possible.”

Unified product development

With a commitment of more than 5% of overall turnover to product development across the group, TPG has been re-aligning its R&D activities through various joint projects with a window on the next generation of software, servo drives, systems and platforms, as well as unifying the dosing equipment of its machines.

These premium technologies have seen WOLF introduce a re-designed top closing KVM-S machine with the former mechanical chain technology replaced with a new linear drive system providing more flexibility and less wear and tear for the client.

The machine, developed with co-collaborator B+R, offers the most cost-effective packaging solutions for free-flowing and powdery products, promoting stand-up and block bottom bags.

The KVM and KVM-Super Track technology is suitable to produce stand-up bags with different bag top shapes: multiple folded head seam, sealed-down, glued on or closed with the label, as well as bags with clip closure.

As paper has become increasingly popular as a packaging material, WOLF has adopted the top closing machine. A variety of decoupled transport systems were tested concerning payload, shuttle handling and supplier support. B+R’s long-stator linear motor based SuperTrak system – specially designed for the higher performance range – prevailed.

In combination with one or two FFS machines and a corresponding dosing unit, the goal for the single variant of the top closing machine was to be capable of producing, filling and sealing up to 100 bags per minute. For the duplex variant, the goal was up to 180 bags per minute.

It also offers excellent capabilities and flexibilities for plant operators, while the SuperTrak system transports the bags in cartridges mounted on independently-controlled shuttles, allowing the shuttles to pass through the processing stations of the top closing machine independently of the rate they leave the FFS machine.

WOLF’s designers also used an option to incorporate a vibratory movement into the profile of the top closing machine, so eliminating the need for a separate station that vibrates the bags to compress bulk material.

FAWEMA has also launched a new FA8000 machine which has been designed to reduce production costs for high-volume use, but at the same time, offering a high degree of versatility for smaller fill weights of up to 2.5kg.

The machine uses roll stock paper first to produce a block-bottom bag, then fills and settles this into a brick pack. Secondly, for small volume SKUs, the machine can take pre-made bags from a bag magazine.

FAWEMA is also planning to introduce to the market a new system for dust-tight and leak-proof paper bags to be packed on FAWEMA equipment. This innovation can come as standard on new FAWEMA equipment, or can be retrofitted on machinery already on-site.

As the system is universal, it means local paper bag suppliers across the globe can furnish the bags without any problem and at very little cost difference compared to a regular SOS paper bag.

Exhaustive testing has led to FAWEMA guaranteeing the new system works perfectly on its packing machinery and causes no reduction in machine speed. Results show they are leak-proof finished packs, offer no risk of tampering or introduction of foreign bodies into the packs and are hygienic for packing human food-stuffs.

HDG is also introducing a new hygienic model of a form filling machine

mainly designed for liquid and pharmaceutical applications.

Ready for a new era

The Packaging Group has also merged its procurement procedures in a bid to unify its supplier base as well.

"It will be an exciting journey for all of us as the synergies of all our supplier databases are harmonised," Mr Stehling said. "For example, the servo-drive of the software architecture for our machines – you can imagine each brand has two or three different servo-drive suppliers. For the next generation of machines, we will reduce that to two suppliers for all three brands."

He added: "The world is changing, the demands of clients are changing, competition from low-cost countries is rising, so we have to manage and trim, if necessary, our cost base. We will turn to our suppliers and address those challenges together."

Mr Stehling said the major success for the first 12 months of TPG had been fostering a unified culture of working between the brands, and on this basis, had formed "great sales and service teams" and the kick-off of joint R&D projects.

"When we can leverage on the strengths of our brands, we will fulfil our targets. We expect to grow in 2020, and when the foundation of our joint service and sales teams are fully embedded, we will grow even faster in 2021," he concluded.