



Fischer Tool & Die Corp. is a leading and well-known full-service provider for die casting tool solutions based in Michigan (USA).



Dear Readers,

In April we noted how the Brexit referendum was causing uncertainty in Europe. Now that the votes have been cast, Brexit has become reality and the uncertainty remains.

As always, we must take the political and economic environment as a given and approach the situation from an entrepreneurial perspective. Our job is to find good investment opportunities and achieve a stable position for our portfolio companies through our Buy & Build strategy. Our acquisition of the US-based Fischer Tool & Die Corp. to complement the German Schaufler Tooling GmbH & Co. KG was a major step towards attaining a global reach. Moreover, our recent purchase of Tesar S.r.l. in the R&S Group has enabled us to broaden our product portfolio.

Nonetheless, acquisition is only one part of the bigger picture. The key to success lies in integrating the acquired companies professionally into an established group. That is where our broad and longstanding experience in integration management comes into play.

We wish you all a most enjoyable read.

Dr Rolf Lanz
Managing Partner

>>> CGS ACQUISITION

EXPANSION OF SF TOOLING GROUP

Schaufler Tooling GmbH & Co. KG (Schaufler Tooling), a leading provider of die casting tools for the automobile industry, merged in May 2016 with Fischer Tool & Die Corp. (Fischer Tool & Die) based in Michigan (USA). The merger with the full-service provider, which specializes in die casting tool solutions and precision machining, is part of Schaufler Tooling's internationalization strategy. The outcome is SF Tooling Group, a global leader in die casting tools, which is ideally positioned to serve the needs of its end customers, the original equipment manufacturers (OEM).

Global presence for OEM

Die casting tool producers' end clients, OEM, started developing automobile platforms in the 1990s, which allow the same parts to be used in different models. OEM production has also become more global and standardized. The major OEM now have production facilities in Europe, North America and Asia. Moreover, most automobile platform projects are rolled out at the same time all over the world. As a result, the same automobile parts must be produced in Europe, North America and Asia. That means the OEM require their suppliers to have an international presence, including the tool builders.

Ideal partner in North America

The merger is a major milestone for Schaufler Tooling and Fischer Tool & Die in establishing a global presence. It will allow SF Tooling Group to provide its customers directly with technically advanced and reliable die casting tools and services in their respective markets. Local service providers are particularly well placed to add value for the customer, as transporting die casting tools which require regular servicing, adds to both time and costs.

Stefan Fritsche, CEO of SF Tooling Group:

"The long-term partnership with Schaufler Tooling is an excellent strategic move for Fischer Tool & Die as a leading and well-known producer of die casting tools in the USA. We look forward to our collaboration with Fischer Tool & Die and the significant contribution of its experienced and committed employees to developing our tool manufacturing group."

Asia next

The SF Tooling Group currently delivers tool solutions to its Asian clients from Germany. A presence in Asia will be indispensable if the company is to fully exploit the major potential of the Asian markets. Discussions have already taken place with potential partners and will be deepened over the next few months. ■



The SF Tooling Group is working to develop a global presence.

>>> INTEGRATION MANAGEMENT

COMMUNICATION BREEDS CONFIDENCE

The integration of acquired companies into industrial groups is a core value driver of the CGS Buy & Build strategy. Experts agree that the main causes for failed mergers and takeovers arise shortly after completing the deal, i.e. when it is time to integrate. The main challenge lies in merging the different corporate cultures and structures effectively.

CGS has created an integration concept based on over 20 years of experience in building industrial groups, which has proved a great success over the years. The concept is based on the following principles:

- **Communication:** All stakeholders in the company must be clearly informed about the shared vision and its benefits.
- **Increased turnover and growth:** The focus is not solely on capital efficiency and cost savings.
- **Sustainable earnings growth:** A balance is established between the company's short and long-term development.
- **Speed:** The guiding principle "as quick as possible, as patient as necessary" sets the pace. A clear definition of priorities and responsibilities is also a key success factor.

The integration within SF Tooling Group, which started in May 2016 following the merger between the US firm Fischer Tool & Die Corp. (Fischer Tool & Die) and Schaufler Tooling GmbH & Co. KG (Schaufler Tooling) outlined below is one example of the integration concept at work.

New organization as the basis

As noted during the due diligence phase, Fischer Tool & Die had an informal organization, which was neverthe-

less able to respond to and implement client needs extremely quickly and flexibly. However, as the management focus had to move toward strategic structure development, a second management level was added below the CEO. This level comprised six management areas with one manager each selected mainly from within the company, plus some external recruits with specific skills. The new organizational structure was then presented to the workforce in detail.

Joint strategies and goals

The first sales workshops at group level were held shortly after the transaction was completed, to identify and increase the merged unit's market potential. The workshops refined a joint sales strategy for global customers, the participants also exchanged and combined best practices and sales instruments. The local sales team structures were reviewed and significantly strengthened, especially in North America. Just two months following the merger, clients started to receive joint offers with services provided by Fischer Tool & Die and Schaufler Tooling.

In parallel, a process was initiated to compare internal costs and productivity between Schaufler Tooling and Fischer Tool & Die. The aim is to develop both organizations effectively. At Fischer Tool & Die, the main issues are make-or-buy decisions, machine productivity and a low-loss value stream. Meanwhile the challenge for Schaufler Tooling is to improve the exploitation of its repair and service business.

Trust through personal interaction

To ensure the sustainability of improvements and developmental measures, there is an emphasis on integrat-

ing management and employee training. Workshops generate valuable knowledge exchanges and efficient solutions, which support growth with a competitive cost structure. The main thrust is on establishing a common orientation in terms of priorities, goal achievement and the management's modus operandi. Moreover, employees can get to know each other better in these workshops, both on a professional and personal level. They can also overcome any reservations they may have and surmount any language barriers through personal contact.

The case of the SF Tooling Group shows that integration must be prepared very early and thoroughly in the M&A process. That is crucial to communicating a joint vision to the staff and implementing the integration processes from the day following the transaction. Furthermore, regular personal interaction and updates to staff on achieved goals and the next planned steps are at least as

important as the integration plan. This quickly brings a solid basis of trust supporting the management of the company and builds a strong foundation for advancing the organization. ■

>>> CGS ACQUISITION

R&S GROUP COMPLETES PRODUCT PORTFOLIO

The acquisition of the Italian Tesar S.r.l. (Tesar) and the Polish company Elettrostandard Polska Sp.z o.o. (Elettrostandard Polska) completes the Buy & Build phase of R&S Group.

In March 2012, CGS acquired Rauscher & Stoecklin AG, a traditional Swiss energy distribution company and founded R&S Group at the same time. The R&S Group completed its product range by acquiring Tesar and Elettrostandard Polska in July 2016, which is the last planned acquisition, and has strengthened its market presence in Europe, North Africa and the Middle East. The group has since become an international producer of such components as distribution and power transformers in oil and cast resin, substations, high-current plugs and circuit breakers and earthing switches of medium to high voltage for energy distribution and the electro infrastructure market.

Promising strategic positioning

With production plants in Sissach (Switzerland), Subbiano (Italy), Stary Plzenec (Czech Republic), Łódź and Krakow (Poland) the group is strategically well positioned in Europe. The most recent acquisition will also provide the R&S Group with access to other important markets, as Tesar and Elettrostandard Polska have a strong sales team plus a very well developed distribution network and partners.

On the right track through Buy & Build

The R&S Group employs 660 staff at five locations and has quadrupled its turnover since its foundation. Sales and cross-selling are the initial focus of the integration. Additional integration topics for Operations, Finance, Development and Purchasing will be carefully evaluated and implemented at the start of 2017. ■

Marc Aeschlimann, CEO of R&S Group: "The acquisition of Tesar complements the R&S Group portfolio well through its cast-resin transformers. In addition to the technological fit, Tesar's presence in the Middle East and North Africa offers new opportunities for the R&S Group."



Tesar S.r.l., based in Subbiano (Italy), produces cast-resin transformers.

>>> CGS TEAM NEWS I

CGS PARTNERS STRENGTHENED

Thomas Anderegg joined CGS at the start of 2016. His technical background and international experience of industry and management make him an optimal addition to the team.

Thomas Anderegg is a graduate in mechanical engineering from the ETH Zurich with a specialization in machine tool construction, production engineering, aircraft design and lightweight construction. His international experience stems from acting as CEO, member of the executive management team, head of sales and marketing and branch director of a number of industrial companies in Switzerland and Mexico. He has successfully developed new businesses and markets, managed change processes and acquired extensive M&A know-how. Thomas Anderegg is familiar with a number of industrial sectors, such as plastics processing, plant, machine and tool construction for the plastic industry and food processing. As a Partner at CGS, he is responsible for structuring, developing and managing the portfolio companies, operational excellence and post-merger integration. ■



Thomas Anderegg
Partner

>>> CGS TEAM NEWS II

CGS EXPANDS ITS INVESTMENT TEAM

Thierry Biggoer has been with CGS since April 2016. His knowledge of finance and banking makes him an ideal addition to the investment team.

Thierry Biggoer's professional experience started at an industrial holding company while studying banking and finance at the University of St. Gallen (HSG). Having successfully completed his Masters, he joined a major Swiss bank on a foreign assignment, where he became familiar with the international world of finance. At CGS, Thierry Biggoer works in the R&S Group investment team where he is jointly responsible for the strategic development of the portfolio company. He also works in deal sourcing, where he is involved in options generating new investment on an ongoing basis. ■



Thierry Biggoer
Analyst



EDITORIAL DETAILS

Publisher:
CGS Management AG
Huobstrasse 14
Postfach 355
8808 Pfäffikon
Switzerland
Phone +41 55 416 16 40
Fax +41 55 416 16 41
info@cgs-management.com
www.cgs-management.com

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www.creation.ch

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