

After half a century as a non-core subsidiary of different owners, footwear component supplier Rhenoflex believes its new-found status as an independent company will inspire it bring new materials to the global footwear market.

Rhenoflex is ready to run on its own

Shoe component manufacturer Rhenoflex has broken away from its parent group ICL and will continue to develop toe-puffs, heel-grips, counters, reinforcements and linings as an independent company.

Following a decision to focus on fertilisers and food ingredients, ICL has sold Rhenoflex to a Munich-based investment group, Findos. The Rhenoflex management team, with chief executive Rainer Gruber at its head, will now run the footwear component producer as a stand-alone company. It will continue to run its production, research and development, sales and marketing activities at its headquarters in Ludwigshafen and has said its mid-term planning includes "substantial investment" to secure further growth and to boost its global presence.

On making the announcement, Rhenoflex said it feels sure that its new-found freedom will give it additional flexibility to bring new materials to the footwear market.

Soon after former BASF executive Stefan Borgas became the president and chief executive of ICL, he decided to sell all the non-core businesses, among them Rhenoflex. "This has always been the situation with Rhenoflex," Rainer Gruber explains. "We've never been the core business of our owners and that can prove tricky when you are in line for funding for new ideas."

Rhenoflex was founded in 1952 as a subsidiary of Ludwigshafen-based chemicals group Giulini, a status it maintained until 1977, when ICL acquired the whole of Giulini. Pirmasens, traditionally the principal centre for shoe production in Germany, was on Giulini's doorstep, Mr Gruber explains, so developing a subsidiary devoted to the shoe business seemed like a natural step.



Flying solo. Rhenoflex is no longer part of the ICL conglomerate but will continue to develop toe-puffs, heel-grips, counters, reinforcements and other products for the footwear industry as an independent company.

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Rhenoflex says it will invest "even more" in research and use new, faster, better machines to develop new materials for footwear manufacturers.

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Carve-out complications

Rainer Gruber held several senior positions in Giuliani and ICL before becoming a vice-president of Rhenoflex in 1997 and taking over the running of the business unit in 2007. He describes himself as being only a few years from retirement, which makes his decision to head up the breakaway company an interesting and courageous one. "I've changed company after 45 years," he says. "It was certainly a bit of a tough ride over the last 12 months or so, after ICL's decision to sell became clear. And it's certainly true that managing a carve-out is more complicated than managing an acquisition. But our backers insisted that all the key people had to remain in place and I have no regrets; quite the opposite, in fact. My heart always beat for Rhenoflex."

He insists that ICL was always good to Rhenoflex and to all of the businesses it acquired from Giuliani, but adds that the company is also in good hands now, pointing in particular to the long-term approach that Findos seems to take with the companies it acquires. "The big advantage is going to be in decision-making," the chief executive continues. "For example, we want to grow the company by hiring apprentices and develop our people that way. That way, people stay on. When you are a non-core business, you have to go through a lot of talking before you can hire anyone. Decision-making is shorter for us now. We don't have all the layers in between. Findos have made a big investment in the business and I have to be accountable, obviously, but if I think a decision is right for Rhenoflex, it can happen tomorrow."

Stable set-up

One disadvantage that the company is working to overcome is that suppliers and customers may require a little bit of time to get used to the new Rhenoflex set-up. Products such as its Imperflex V25 PG extruded, waterproof cover for insoles, of which one side is coated with adhesive to make it especially useful in shoes and boots in which the manufacturer wants to seal the uppers with membrane technology, are popular among important footwear brands. But these brands are

demanding and want to be sure the set-up is stable, as suppliers do too. They have nothing to worry about, Mr Gruber says, but he understands their need to be sure. He recalls questions of this type arising everywhere in the footwear supply chain at the start of the global economic downturn in 2008. To be able to point to a strong parent company in those troubled times eased partners' troubled minds then. For the new independent Rhenoflex to do likewise, the familiar faces and voices of the management team will be important, as will continuing hard work on the part of the whole company.

Customers expect more

"Our customers have reacted positively," Mr Gruber says. "The relationships we have with them already play a big role. The customers know Rhenoflex and have long-term relationships with us. I have called them and explained on the phone and followed up in writing what we were doing. There have been no negative comments. If anything, they have made it clear that they expect more from us in the future, more sustainable products, for example, to help them make their shoes more sustainable."

Investing "even more than before" in research and development, which Mr Gruber intends to do, will be the means of delivering this extra value, and also a way of "harvesting the fruits of what has gone before". This will involve investing in new, faster, and better machines.

From an environmental point of view, the lowest-hanging of these fruits will include increasing Rhenoflex's use of recycled materials. The company is looking at a closed-loop project that will involve taking scrap from shoe factories and making it into a sheet material for use in the production of new components. "It would be hard to justify bringing those materials to Germany from footwear factories in China and Vietnam," Mr Gruber says, "but we want to do it wherever it makes sense. We are also looking at greener raw materials from renewable sources. We can take waste products, grind them up and put them back into formulation. We want to be waste-free. We want to close the circle." ♻️