



A smart package

Constantia Flexibles is looking for long-term growth and success

Constantia Flexibles is a market-leading manufacturer of high-quality flexible packaging products using raw materials aluminium, paper and plastic to supply a wide range of industries including dairy, confectionery, food, pet food, pharmaceutical, healthcare and beverages. The company's comprehensive product portfolio, which includes conventionally shaped containers as well as innovatively designed packaging, is manufactured in more than 30 production facilities across Europe, China and the US.

The company is a part of Austrian group Constantia Packaging AG and produces flexible packaging that can be classified into three areas; food, pharmaceuticals, and beverages & labels. Director of sales controlling and communication, Gerhard Cislinsky explains: "Constantia Flexibles is responsible for all flexible packaging material in these three areas, with a wide range of applications. We act on a global basis, though we focus primarily on Europe."

International food companies make up a significant percentage of Constantia's customers, says marketing and product manager of business unit dairy & food Peter Stieböck: "Our main customers are well-known brands such as Arla Foods, Campina, Carlsberg, Coca-Cola, Danone, Heineken, Kraft, Lindt, Nestle, TetraPak and Unilever, just to name some of them."

Constantia strives to work closely with clients, anticipating future packaging trends and delivering solutions before any other manufacturer, which ensures that it maintains its leading position in producing suitable packaging solutions.

The company also produces aluminium foil for technical applications, which must meet stringent customer's demands. The lacquers and materials that the company develops are environmentally friendly and offer optimal protection for the packaged product. Through rigorous R&D and close co-operation with machinery manufacturers, the materials produced run smoothly on all types of packaging equipment. Investment in R&D allows Constantia to produce inventive packaging solutions, explains Peter: "Within

our organisation, market orientated business units are responsible for understanding and implementing market requirements, and ideas are managed by means of a time-to-market concept, which we call Stage-Gate-Processes. This is executed by our core innovation team comprising of product and marketing managers who, along with the designers, work in our three R&D centres. More than 50 employees are permanently employed in the development of new packing solutions and the optimisation of existing products."

As part of its ongoing goal to grow faster than the market, the company has invested in a new rolling mill at its facilities in Austria, which began production at the end of 2006. Peter comments: "We are very satisfied with this new machinery as it is state-of-the-art and can accommodate a width of 1850mm. This development strengthens our reputation for producing high-quality packaging."

Throughout its production sites, the company closely monitors manufacturing efficiency and aims to over-achieve in all areas of production by reducing production times and regularly reassessing targets. "Manufacturing efficiency is an essential aspect that we must continuously focus on so we can meet our customers' requirements," says Peter. "We have efficiency programs running to great effect in our sites and these programs are managed by our technical orientated project management team."

Towards the end of 2006, the company completed its plan to re-brand the corporate identity of the company in order to bring together each of the companies within





Constantia Flexibles to share one logo. "We started to re-brand because each company had its own logo and name, which made it difficult for our customers to recognise us as one group. We decided to place the Constantia logo as standard on the top line with the company's individual name just below it, which presents a united face to the market. During the process of re-branding we discovered that Constantia Flexibles is unique in that it is both big and small, which led us to adopt the slogan 'Big enough to dare, small enough to care'. We understand that, as a group, we are large enough to supply international customers but running our small production facilities around the world enables us to develop close working relationships with clients. Now all of our 35 production units, as well as the sales offices, are operating under the Constantia Flexibles name."

Gerhard believes that the unique size of the company has proved to be a significant asset: "Our customers frequently tell us that our major strength, beside our innovations, is the fact that we are big enough to deliver worldwide yet, at the same time, our small production units are close to our customers so they can enjoy a personal service."

Peter agrees, adding: "We focus on our customers' requests, offering the best support and service that utilises state-of-the-art innovations in order to keep us, and our customers, ahead of the competition."

In a major advancement in its growth strategy, Constantia Flexibles recently acquired a majority interest in the packaging business of German manufacturer Hueck Folien GmbH & Co. KG., a leading European manufacturer of flexible packaging for the pharmaceutical and food industries. With this acquisition, Constantia significantly enhanced its global market position in the flexible packaging sector, particularly in the healthcare area. Gerhard explains: "In addition to buying Polish company ColorCap Sp. z.o.o last year, we acquired a 70 per cent share in German company Hueck, which includes a plant in Belgium, two in Germany, and production facilities in the US, Uruguay and Argentina. It has been renamed Constantia Hueck Folien in order to integrate it into the group." With the sales contribution from Constantia Hueck Folien, Constantia Flexibles estimates total sales to exceed one billion euros in 2007.

Constantia also is in progress to expand shares in Austria's leading manufacturer of aluminium semis and casthouse products for the processing industry, which has annual revenues of 700 million euros. Gerhard explains: "In March 2007, Constantia Packaging acquired a major stake in Austria Metall AG, which is one of our most important suppliers of aluminium rolled products. Our expansion, though successful, presents us with our main challenge which is to ensure the smooth integration of new acquisitions because we have almost doubled our size within the last years. We recognise the need to swiftly reap the benefits of having new members in the group, which educate and support each other."

Continuing, he adds; "Our strategy has always been to allow each company to be as independent as possible, and only as centralised as needed, which breeds entrepreneurship in the single companies and generates ideas."

Considering the aims of the company, Gerhard believes that growth and expansion is the best way to ensure long-term success: "As we have shown in the past, we aim to grow faster than the market and take care of our three divisions of food, pharmaceuticals, and beverages & labels. We anticipate change and this, coupled with further acquisitions, will increase output and production efficiency in the future." ●FC