



Winning strategies in Germany's  
small business sector

# 2010

## Close to the Wind



Entrepreneur des Jahres

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**Stern-Wywiol Gruppe  
Holding GmbH & Co. KG**  
Entrepreneur: Volkmar Wywiol  
Established: 1980  
Turnover (2009): 340 mill. EUR  
Employees (2009): 545  
Industry: food and feed



## Making food healthy and tasty: The Stern-Wywiol Gruppe develops and produces natural additives

When consumers hear the word "additive" in connection with food it usually sets all the alarm bells ringing. A groundless fear, says Volkmar Wywiol, founder and managing partner of the Stern-Wywiol Gruppe, and his arguments can only be described as passionate. "Additives help to make food more than just a means of satisfying hunger", he asserts. And we generally feel our food to be of good quality if it tastes and smells good and looks appetizing as well. Nowadays, too, it has to promise health benefits, take work off our hands and be reasonably priced. A further important factor is the development of the world's population, for an additional 80 million people have to be fed each year. "And all that can only be achieved with additives, at least as far as industrial production is concerned."

### Biased discussion confuses consumers

That the discussion is so often biased leaves him speechless. "Stern-Wywiol works with natural ingredients, and most of them are produced from agricultural raw materials", he explains. These may be starch or pectin, derived chiefly from citrus fruits or apples. Both are used to prolong the products' shelf-life and ensure an even consistency. Lecithins, usually derived from soybeans, are used in flour or bakery products. They are also needed for making margarine and chocolate, as an aid to emulsification and fat dispersion.

The group of companies is now 30 years old – and Volkmar Wywiol worked in the

industry for 25 years before that. "Since I couldn't become a partner in the firm, as I wanted, I decided to start a business of my own at the age of 44", he says, recalling how it all began in 1980. He bought a little firm, Sternchemie, with a turnover of 300,000 DM. From these small beginnings there emerged a group of eleven independent companies in Germany and ten affiliates abroad, with a total turnover of 340 million EUR.

### Regular acquisitions to complement the portfolio

The group has grown steadily, not least through the purchase of small companies. "We look for units that complement our product range, but they have to meet our specific standards." In order to use the existing management resources, all the firms are controlled from the headquarters in Hamburg, so any companies purchased have to be transferred to North Germany. This physical proximity also ensures that they adopt the corporate philosophy. That is especially important to Wywiol: "A number of small companies are managed as a family business, in a somewhat patriarchal system. We want every employee to think and act on entrepreneurial lines and have the scope he or she needs to do that." When companies are taken over, their selling and marketing systems usually have to be modernized; that also applies to accounting and financial controlling. Sales are geared strictly to the "DB-1" contribution margin.

## Individual companies work independently

But Wywiol sets store by the fact that each of the companies works independently, that the employees and sales force identify with their particular product. "We're not out in the streets selling from a hawker's tray; each firm can concentrate fully on its own special field." That convinces customers, creates trust, he maintains; for what do stabilizing systems for dairy products and delicatessen specialities produced under the name Hydrosol have to do with the enzyme systems for baked goods from SternEnzym or chocolate pieces for muesli and ice cream made by Herza Schokolade? What is more, this philosophy permits specialization and a knowledge of the subject that is second to none.

But the companies are not expected to reinvent the wheel separately too: research and development is carried out on a centralized basis at the Technology Centre in Ahrensburg, near Hamburg, where each firm has its own centre of excellence. "But the results are transparent, and an exchange of information is made possible by short hierarchies and organization under a joint umbrella", Wywiol emphasizes. Much of the stimulus comes from the market – "from the customers, who approach us with their questions in a search for better and more economical solutions." Basic work is carried out in close cooperation with customers, too. For example, hundreds of flour samples are sent in each year by mills around the world to be analyzed and baked in the trial bakery. The senders then receive recommendations for

processing the flours and enhancing their nutritional value.

## The market is the most important source of stimulus

Closeness to the market is reflected in the group's international organization too. Many of the 100 countries in which it operates are served by the present ten foreign affiliates, some of which are run by local managers, others by German staff. It is important to understand the very different cultural and national backgrounds and take them into account, since they are strongly reflected in eating habits and tastes.

As the group chairman and manager of the holding company Wywiol is in charge of the operational side of the marketing department, which is responsible for all the firms and brands worldwide: "To my mind, only the boss himself can express what an enterprise stands for and how it is to be perceived in the market." But on no account does he want to be regarded as a patriarch. On the contrary: his son is already involved in management of the holding company, and managers outside the family have an important say in the group's affairs too. So the entrepreneur can be sure the business is in good hands and turn his mind to other things. He has already written a children's book, and a flour sack museum he initiated and designed opened its doors in June 2008.



# The Competition

## “Entrepreneur of the Year”

“Entrepreneur of the Year” has set itself the task of promoting small and medium-sized enterprises.

The organization was founded in 1996. It is supported by the partners Ernst & Young, BMW, American Express, DZ BANK, manager magazine and Frankfurter Allgemeine Zeitung.

The objective of the competition is to emphasize the importance of the small-business sector, especially in respect of its ability to create jobs, by identifying and acknowledging exceptional entrepreneurial achievements. It also aims to stimulate scientific discussion of the subject of entrepreneurship.

The award is offered each year for particularly successful small and medium-sized enterprises in five categories. Ernst & Young organizes the programme “Entrepreneur of the Year” in over 50 countries around the globe.

The awards for “Entrepreneur of the Year 2010” will be presented at the Alte Oper in Frankfurt on 12 November 2010.

You will find more information on the homepage:  
[www.entrepreneur-des-jahres.de](http://www.entrepreneur-des-jahres.de)



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