

Kaut-Bullinger: A fresh start

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By **Andy Braithwaite** - 5 April 2023

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The Kaut-Bullinger leadership team - Robert Brech is near the centre, in the grey cardigan

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The last major interview **OPI** did with Kaut-Bullinger was back in [September 2018](#) for a Big Interview. At the time, Managing Director Robert Brech had steadied the ship and was on track to complete the restructuring programme he had started in 2016. Today, Brech is still at the helm, having navigated the dealership through the COVID crisis and out the other side.

It's a slightly different company today, even compared to the one Brech imagined four years ago. At the time, even though its retail arm was not performing brilliantly, the odds were on a slimmed down, but more profitable network, with the focus being on its flagship store in the centre of Munich.

But that was before the pandemic.

Just as COVID hit, Brech had hauled Kaut-Bullinger back into the black. In the 12 months to March 2020, the business turned an EBIT profit of €0.5 million. That might not sound like much for a €100+ million (\$106 million) company, but it was a major achievement following losses three years earlier approaching €10 million. It was a mutual decision between the advisory board and Brech for him to stay on and not part ways with the reseller when it became apparent just how serious the impact of COVID would be.

Brech describes the pandemic as a "disaster" for the retail side. Overnight, the tap was turned off on a €17 million grossing business, and government subsidies were not enough to offset the loss in revenue. This essentially sounded the death knell for the Kaut-Bullinger shops, and, at the beginning of the following financial year (April 2021), the advisory board and CEO took the difficult decision to exit this channel, with the loss of 140 full-time staff members. The iconic store in central Munich eventually closed its doors for the last time in February 2022.

For a traditional, longstanding business such as Kaut-Bullinger, the enormity of this decision should not be underestimated. Exiting retail was something that had been unthinkable for the majority shareholders as well as Robert Brech. However, as it became clearer that retail was not sustainable, events transpired that led to a change of ownership.

In 2021, the prime real estate location in Munich was sold for around €100 million. Although tax had to be paid on that, the transaction allowed Kaut-Bullinger to pay off all its debts, with a sizeable amount still left in the pot. This facilitated a takeover offer from the Egerer family, until then the minority shareholders, which was concluded in October 2022.

The new owners explained they were not looking to step into the CEO role. Rudolf Egerer is a successful entrepreneur who runs his own IT business, while his sister – the other major shareholder – has no current interest in being involved in day-to-day operations.

At that time of the ownership change, Europe was in the middle of an energy crisis, inflation was rampant and the geopolitical and macroeconomic environments were, to put it mildly, uncertain. Brech had already been putting strategies in place to return Kaut-Bullinger to growth and he was persuaded to extend his contract at the company again.

As well as making good business sense, exiting retail was also – symbolically – a break with the past for Kaut-Bullinger. Not that this has been the only evidence of change at the company since Brech had taken over as CEO. "Hungry and more engaged" staff members, willing to try out different ideas, have been hired, and internal systems and processes have been revamped. The latter included an investment of €1.2 million on a new ERP system that has significantly upgraded the reseller's merchandising and e-commerce capabilities. This, for example, has enabled key corporate account clients to be better served by a revamped online platform.

On the business side, the Kaut-Bullinger CEO has been mindful of the need to grow the top line against a backdrop of declining volumes in traditional product segments and a greater customer preference for purchasing online. The goal is to claw back the €17 million of revenue 'lost' from the closure of the stores and return the reseller to the €100 million mark.

Strategies have included expanding into categories such as kitchenware, tableware, cleaning and luggage over the past couple of years as the lines between office and home purchases become increasingly blurred. It is now even possible to buy barbecues on the Kaut-Bullinger website. These new areas have already helped boost online sales by several million euros.

Just a few weeks ago, thanks to Brech's contacts in the German retail channel, Kaut-Bullinger launched a concessions concept in partnership with fashion chain Adler. These spaces include a range of stationery products, fine writing instruments, gift bags, wrapping paper and greeting cards, as well as fashion accessories and a selection of travel items such as luggage. Read more about this launch in [this story on opi.net](#).

When **OPI** spoke with Brech, Kaut-Bullinger's financial year was coming to an end. While, at the time of the interview, revenue was not quite in line with the budget that had been set, it was up on the previous year's figure. As the CEO says: "Not on one day were we below the previous year's turnover."

As the company embarks on its FY2024 year, it does so on a sound financial footing, backed up by a modernised IT system and a rejuvenated sense of purpose. Kaut-Bullinger may be the smallest business that Brech has transformed in his long career, but he says the results are among the most satisfying given the challenges he has had to face, including the COVID pandemic, and soaring inflation and energy costs due to the war in Ukraine.

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