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möbel fertigung

international furniture production

++ SONDERDRUCK ++

Richtige Produkte zum richtigen Preis: FGV-CEO Renato Formenti bezieht im Interview klar Stellung.

TÜRKEI

AUF MÖBELKURS

EFFIZIENZ 2010

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ITALIEN

SICAM VS. ZOW: DAS FAZIT NACH RUNDE EINS

RENATO FORMENTI

DER FGV-CHEF IM EXKLUSIV-INTERVIEW

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BESCHLÄGE-
SPECIAL**

RENATO FORMENTI: „THE RIGHT PRODUCT TO THE RIGHT PRICE“

AGGRESSIVE

Investitionspläne

AGGRESSIVE INVESTMENT PLANS

„We have to find the right balance between what is technically feasible and what are the real expectations of the market!“ In the exclusive Interview for the German magazine Möbelfertigung, Renato Formenti, CEO of FGV is making a clear statement. Not only about the positioning of the Company, but also how the industry as a whole can fight in the competition with “iPod” and company.

How did the business with technical hardware change over the last ten years?

Two major factors have influenced the hardware business in the last decade. First, the rapid commoditisation of a large range of products with limited technological complexity like hinges, slides and many other components. This change was mainly driven by the arrival of Asian products into the market place. Second, the increased request from a growing part of the market for more advanced features like damping, one-touch solutions or other benefits. This change was mainly driven by European suppliers.

What were from your point of view the main technical development of the recent years?

Importance is always a question of point of view. We tend systematically to look at things with the eyes of our customers and of end-consumers. From that point of view, damping seems to be the main technical development.

What are the specific challenges for a company like FGV?

The major challenge for a company like FGV is not to lose the focus on the target market and not to start a “l’art pour l’art” strategy.

It is paramount to always find the balance between what is technologically possible and what the market requires really. We have to solve real problems, not create non-existing ones, as in the long run, this mistake will eat up investment capacity and margins.

Did the expectations and requirements of your customers change over the recent years?

Customer requirements have changed dramatically, because customers and the market have changed significantly. One can see two phases. First, customer concentration and the increasing power of the furniture distribution worldwide have fuelled the commoditisation of hardware. More recently, the need for differentiation and customisation has driven new changes.

How do you value the image of FGV in comparison to the competition?

FGV is gradually moving out of the image of the “biggest of the smaller hardware suppliers” to the one of the “challenger of the large ones”. Size is one aspect, but the product portfolio and the clearer positioning of the company and of its strategy have

moved FGV clearly onto the radar of many customers who include FGV in their benchmarking, when it comes to choose a new technology or find a successor for a product to be changed.

What kind of measure will you use in the future to strengthen the image of FGV?

More of the same! Giving the customers what they are looking for. Making the right products at the right price. Constantly investing into Service and Quality. Keeping up the efforts to be a very competitive actor on the market.

What is the specific characteristic of FGV compared to the competition?

Focus onto the customer's need, sometimes at the expense of putting the brand of the customer above the FGV brand. We are here to support our customer's strategy and not to create a monopoly of some kind. We are humble enough to think, that volume manufacturers need to promote their brand and that it is our benefit to support this aim.

How do you see the chances of the furniture industry to win the battle for the spending of the



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EXCLUSIVE

Renato Formenti, CEO of Formenti & Giovenzana Spa says: "FGV are slowly moving their image from the largest-of-the-small hardware supplier to the image of the challenger of the large one with clever quality solutions. In the coming two years, the Company will invest important amounts in the development of new products."

consumers against trendy products like iPhone? What has to be done? What role does the principle of customisation which FGV is promoting play?

If winning, means taking away business from the market of smart consumer goods, then the challenge is quite unreachable. If winning means to get customers to spend money on furniture rather than on smart gimmicks, then our industry has a chance

if we listen to what the end-consumer is asking. And end-consumer are asking two things: the furniture industry should be helping to create their unique living space at a reasonable cost and should offer satisfactory features and clear benefits for the customer to be perceived as such. Not "Technikverliebtheit" is required, but no-nonsense solutions who clearly solve problems. Customisation is covering the life style

aspect as well and is becoming increasingly a must.

How do you value the race for ever more sophisticated solutions between the competitors in the industry, like for example electrification of hardware solutions?

No-nonsense should be the strategy of the industry. If one claims on one hand to make ecological products and then promotes elec-

trical opening and/or closing of drawers, there is an undisputable conflict here which asks for very careful consideration. Particularly because, on the other hand, not participating to the technological race, sends a message which could be interpreted as inability. There is a very fine edge to walk on here and as usually, the market should dictate the answers via business volumes.



Renato Formenti has the future of the Company clearly in mind: "As a family run business, we have to create the right conditions to be able to hand over to the next generation when the time comes".

Below: View of the Headquarters in Veduggio



Do the different actors in the whole supply chain of the furniture industry work enough together to convey the benefits to the end-consumer? If not, what should be done? Does FGV offer for example training for distributors?

It is clearly one of the big challenges for our industry to convey all the information about features and benefits of the products offered to the end-consumer. Modern retailing forms need to find adequate ways to explain why their offering is different from the one of the competition, beside of the price race which can only go up to a certain extent. Training all the links of the long chain from raw material to furniture is one way. Making intuitive products with obvious benefits will contribute as well. Communicating adequately and interactively with the end-consumer is for sure another route to pursue. FGV are working on all aspects with equal force.

How was the current business year?

The actual financial year is rather satisfying, considering the very adverse conditions. Certain geographical areas have clearly driven the sales performance down, but all in all many markets in our segment are still not doing too badly.

How does FGV react to the difficult market situations?

Thanks to our financial strength, we are still in a position to invest

into the future. Our very aggressive investment plan for 2010 and 2011 foresees significant spending for all major product lines. We launch a new kitchen and bathroom drawer and a brand new line of damped hinges in the first half of 2010 and further highlights will follow.

What is your specific view on the Italian market?

We consider that the Italian market is entering in a new phase and that the positioning of the FGV brand is offering us new opportunities. We are currently investing into improving our service level in Italy to match the requirements not only on the product and price front, but also on the service front.

What is your specific view on the German market?

The German market has resisted well to the crisis so far in our segment and affordable quality furniture will remain the main driver of the strength of the German furniture industry.

What are the main differences between these markets?

Whilst the German market is driven by many large volume manufacturers supplying very powerful retail organisations, the Italian market is characterised, with few exceptions, by a relatively large offering base of mid-sized and smaller manufacturers of branded products selling into a very differentiated distribution network of individual stores or little organised retail chains. But the situation in Italy is also moving towards the universal long term business model.

In which markets lays the most potential for FGV in the coming years?

Growth potential will lay wherever there is the need for affordable quality furniture. Which is in principle worldwide. The specific focus on certain geographical areas at a certain moment in time is of tactical importance, but on the long run, our market will remain global as our slogan Meeting the Global Challenge is clearly saying.

Will there be markets in the future, where the importance of FGV might decrease?

Short term, developing market like Asia or India will require more efforts, but on the long run, the markets in which we are present today will also be the markets in which we will be present in the future.

Mr. Formenti, which personal goals would you like to achieve with FGV?

We are a family run business in the second generation and I would like to think, that the next generation of shareholders, supported by a capable management team, will continue to lead this company towards the top of the chart in the industry. This would be a great personal satisfaction for each of the family shareholders who will look into handing over the baton in the coming years.

The interview was led by Stefan Müller and Tino Eggert.

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