

From a small hide merchant to a leading German contract tannery group

60th anniversary of Schafstall Holding. By Manfred Willsch.

On 1st August, Hans Schafstall was able to look back on six successful decades. As a young man, he founded a small company in his living room, which has developed to become a leading contract tannery group in Central Europe. Inevitably, there were ups and downs over time, but, all in all, it is a real success story.



Hans Schafstall became independent on 1st August 1959. What began in his small home was to become a leading group in the leather industry.

Hans Schafstall, who was born on 16th June 1930 as the son of a primary school teacher in the Eppinghofen district of Mülheim, was evacuated to Bohemia in 1943. As a 14-year-old boy, he returned on foot and by bicycle to his home city of Mülheim an der Ruhr, completed his Mittlere Reife (German intermediate school leaving certificate) and then started an apprenticeship at the **Häutehandels-Gesellschaft** in Mülheim. At that time, there was an important trading centre for the German hide market in the neighbouring city of Essen. Until the 1950s, the Rhinish-Westphalian central auctions took place there.

At the age of 27, Hans Schafstall set off on his first extended business trip abroad; it took him to

South America. The impressions he gained at the hide markets in Argentina, Brazil and Uruguay fascinated him immediately. He recognised the business possibilities of the global market. Two years later, on 1st August 1959, he took the plunge into self-employment and founded the company **Hans Schafstall Import/Export**.

Together with his wife **Mathilde**, the company founder set up his first office in the children's room of their home. In the foundation period, there was a shortage of capital, but Hans Schafstall knew where he wanted to go with his trading company: he specialised in split leather – a market segment of which he had acquired an in-depth knowledge in his previous job.

Business trips abroad soon followed, first to Western Europe and Scandinavia, and later to South America and Asia. His collaboration with Mülheim's tanneries, from which Schafstall purchased the splits, was just as important as the personal contacts at auctions or trade fairs in Germany and abroad.

At the start of the 1960s, the economic situation of the German leather industry worsened. For example, rubber and plastic were increasingly used as alternative materials by the shoe industry. In some cases, the tanners' sales declined by more than 20% in one year. Even in the German tannery city of Mülheim, the number of tanneries was depleted: out of 50 businesses, only a dozen were left.

In spite of the leather industry's vulnerability, Schafstall was able to continue to steadily expand his wholesale company in the areas of hides, skins, leather and splits. In 1963, a new partner, Theodor Thommessen, joined the company, which then traded under the name **Schafstall und Thommessen OHG – Schatho** for short.

The expansion of the globally operating company required increasingly large premises: in 1967, after the initial moves, the company purchased a new building for the first time on the site of the Rhine-Ruhr harbour. Schatho was now one of the largest dealers in raw products in West Germany. Due to differences in opinion between the partners, Theodor Thommessen left

the company after ten years. From then on, it traded under the name of **Schafstall Warenhandels-gesellschaft (HSW)**.

In 1974, the company moved into a former Stinnes property in the southern harbour, at We-seler Strasse 64/66, which was purchased by Schafstall and which had 3,000 square metres of storage space alone. At that time, three independently operating companies were based there: Schafstall, which was still specialising in splits, the newly founded **Schauco**, which traded in raw hides and skins, in some cases directly from the slaughterhouse, and **Gerbhaut**, which supplied half-finished leather from Africa and the Far East for further processing in the leather industry. At the same time, **Schafstall International AG**, which was based in Zug/Switzerland, was founded.

The company Schafstall continued to expand: branches were opened throughout the world – in Italy, Austria, Switzerland, France, Slovakia, Russia, Belarus, Thailand, Hong Kong, the Netherlands and the USA. On 1st May 1977, the Schafstall trading company purchased the hide trading company **Bavaria** in Munich, in order to have a firm base for purchasing raw products in southern Germany. In June 1978, this was followed by the acquisition of a majority stake in the



At the anniversary, Hans and Mathilde Schafstall were able to look back at a 60 year success story.

LEATHER INDUSTRY



Since 1992, Schafstall Holding has had its headquarters in the former Stinnes villa in Uhlenborst. Since then, the group with its around 700 employees has been controlled from here.

Austrian company **Stöger**, in order to tap into purchasing opportunities for hides, skins and split leather in Austria; the Austrian Schauco was founded at the same time.

A conglomerate emerges

At the end of the 1970s, Schafstall was able to supply his customers in all stages of the leather product – with split, hides, wet blue, wet white or crust leather, in a wide variety of weight classes, strengths, provenances and grades. Other lines of business were also added: real estate, freight forwarding, plant engineering and steel processing. Thus, the former hide merchant increasingly developed into a conglomerate.

Furthermore, Hans Schafstall increasingly moved into leather production. So as not to put the many years of collaboration with the remaining five tanneries in his home city at risk, he continued to operate in southern Germany. In 1979, together with Lederfabrik Louis Schweizer, Heller Leder and Roser Leder, he founded the Südleider tannery in Rehau in Upper Franconia.

At the end of the 1980s, **Salimex-Schafstall (SUS) Lederberatungs- und Handelsgesellschaft mbH** was founded in collaboration with Salamander AG. This company was involved in setting up two large leather factories with affiliated footwear production facilities in St Petersburg. It made history for being the first German-Russian joint venture. After ten years, however, it was closed down for financial reasons. Schafstall had leather tanned on commission in Slovakia since the beginning of the 1990s. In

1999, Schafstall spol. s.r.o. was founded, which eventually changed its name to **SlovTan Contract Tannery spol. s.r.o.** After extensive modernisations of the production premises and machinery, split leather and hides are tanned here for the automotive, aviation, footwear, clothing and leather goods industries to this day.

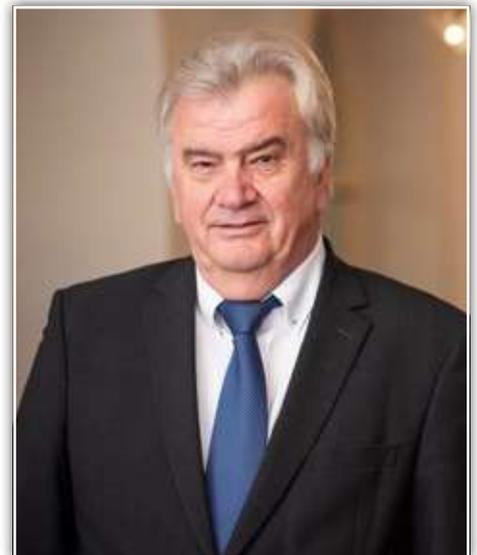
As early as the end of the 1960s, Hans Schafstall laid the foundations for the group's extensive real estate portfolio by purchasing the site at the harbour. Every time the company moved to a new location, it retained the vacated buildings and land and rented them out – for example to DIY stores and supermarkets. The real estate division, which has no longer been limited to renting out office and production space in Mülheim for a long time, has become increasingly significant for the company over the years.

At the end of the 1980s, Hans Schafstall purchased from the Stinnes family the listed villa in Mülheim's Uhlenhorst district, which his business moved into in 1992; more than 20 companies with around 1,000 employees were steered from here. To this day, the headquarters of **Schafstall Holding GmbH** and Schauco are in the building.

Ever since the turn of the millennium, Hans Schafstall has been consolidating his group through mergers and sales. Today, Schafstall Holding focuses primarily on the two tanneries in Slovakia and Rehau, the trading company Schauco and the real estate business.

Over the course of six decades, Hans Schafstall had to overcome serious crises and challenges.

For example, the BSE crisis in 1999 and 2000 afflicted the company severely. There was also the ongoing process of erosion of the leather industry in Central Europe. In 2004 and 2005, the entire Group was plunged into serious turmoil due to mismanagement in the area of trade. After parting from the management, Hans Schafstall had to contribute a large sum from his private fortune to save the whole Schafstall Group. What alternatives were there? After all, he wanted to be able to show himself in his home city of Mülheim, as he explained to the writer of these lines ten years ago when the company was celebrating its 50th anniversary. And Schafstall took appropriate measures as a result of this crisis; an advisory board was founded as a regulatory body consisting of external consultants and family members. Hans Schafstall, who celebrated his 89th birthday on 16th June, is still regularly present at his company, even if there is now an experienced Managing Director, **Thomas Bee**, taking care of



The managing director of Schafstall Holding, Thomas Bee, the successor of Hans Schafstall.

the day-to-day business of Schafstall Holding. But the company founder still keeps up-to-date: he continues to follow the latest developments in the automotive industry with great interest in particular. And not without reason: after all, these stand for 50 to 60% of the turnover of the entire Group; at Südleider the automotive share in the business is even higher.

Twice a year, general meetings or meetings of the directors take place for each of the companies in the Schafstall Group, and Hans Schafstall generally participates in these - and will continue to do in the future.



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SlovTan – the leading contract tannery in Slovakia

In 1992, Schafstall began to have leather tanned and finished in Liptovský Mikuláš. When the company was privatised there, it initially took over the complete finishing process from 1997, and then the dyeing. In 2002, a beamhouse was set up, as well as a cold store for the interim storage of the fresh goods. In 2005 came the realignment of the company as a pure contract finisher,

and it was renamed SlovTan Contract Tannery Spol. s.r.o.

Today, the 100% subsidiary of Schafstall employs around 370 people. The daily capacity for the production of wet blue, wet white and wet green is 150 tonnes. Every day, up to 3,000 hides of crust and finished leather are produced. The annual turnover of SlovTan is between 30 and 35 million

euros. In the past ten years, around 26 million euros have been invested in Liptovský Mikuláš, in the expansion of capacity of the beamhouse, a new cold store, a modern dye house and a new chemical store; at the moment, a new wastewater treatment plant is under construction.



SlovTan's newly designed entrance area in Liptovský Mikuláš.



Construction shell of the new wastewater treatment plant in Liptovský Mikuláš.



www.schauco.com



Häute – Spalte – Känguruh – Crust – zugerichtete Leder
 Hides – Splits – Kangaroo – Crust – finished leather

Schauco – service provider at the headquarters in Mülheim

Schauco is also a 100% subsidiary of Schafstall; it purchases raw products and has them tanned - into wet blue, wet white, wet green, as well as crust leather and finished leather. Many of the leather factories in Central Europe no longer have wastewater treatment plants, which means that they have to outsource the beamhouse work.

The Schafstall Group comes to their aid here. A reminder of the foundation period of the Schafstall Group: when you consider the production quantities, the split segment is still very important today.

Schauco also sells kangaroo leather: in 1997, Schafstall took over the **Fischer leather factory**

in Grossbottwar, in which the production of this special product was continued to begin with. In 2004, the leather factory was closed and the production of kangaroo leather was relocated to SlovTan in Slovakia. Schauco's annual turnover is now around 50 million euros.



Back side of the head quarter in Mülheim an der Ruhr.



Wetwhite



Wetgreen



Wetblue



Crust/Finished Leather



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Südleder – the leading contract tannery in southern Germany

Today, after the departure of the founding partners Roser and Schweizer, Südleder belongs in equal parts to the company Heller Leder and to Schafstall Holding. Südleder emerged in 1979 with the leasing of the premises of the former company **Josef Linhardt**; production started in Rehau with the acquired machinery and employees. In 1984, Südleder purchased the property; in the following year, it also took over the company **Ernst Linhardt**. The two companies were merged to form a larger production facility. In 1986, Südleder took over the wastewater treatment plant. In collaboration with the State of

Bavaria and the Town of Rehau, it has been making an environmental contribution to structural improvement in Rehau since then.

The protection of the environment has continued to be a top priority at Südleder. Substantial investments have been made in this area. Money has, of course, also been put into the modernisation of the building and the machinery. Since 2008, energy for production has been generated from the waste product glue stock in a plant developed by Südleder, which means that around 14,000 tonnes less carbon dioxide are released every year; at the same time, the amount of waste

is reduced by around 20% by the plant. The project brought the company the E.ON Bayern Environment Prize in 2009. Since then, Südleder is the only tannery to be self-sufficient in its energy generation.

In the last ten years, 16 million euros have been invested at Südleder. Today, there are around 300 employees who produce up to 175 tonnes of wet blue and wet white every day; in addition, there are 1,500 hides in crust leather production every day. The annual turnover is 30 to 35 million euros.



The wastewater treatment plant and the gas extraction and power generation at Südleder set standards in the leather industry.



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