

125 Jahre Dreipunkt

125 Years of Experience

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"Dear Sirs,

May I present you with a brief summary of the history of Donzdorf as well as an outline of the development of Dreipunkt. I am sure it will make interesting reading for you tonight."

These were the opening words of a letter dated 6 December 1967 in which the former company owner, Hermann Schwarz, presented the company Dreipunkt against the backdrop of its regional infrastructure. Forty years ago, the term "public relations" was still relatively unknown. All the more evident, however, is the entrepreneurial self-confidence of the man who led Dreipunkt to its first zenith, which lasted for several decades. Judging by their clarity and the upright pride they express, these same words could well have been penned by Thomas Jungjohann, owner of the well-established manufacturer of upholstered furniture based in Baden-Württemberg. Thomas Jungjohann represents the connecting element between yesterday's and today's corporate philosophy. The products, buildings and business partners may have changed, but the spirit with which he is successfully driving Dreipunkt forward is the same spirit that motivated Hermann Schwarz.

Founding Fathers Three Generations of the Schwarz Family

The "Schwarz Company", as it was then known, was founded 125 years ago, at the beginning of the 1880s, by Hermann Schwarz's grandfather. In those days, the company produced not only sofas and mattresses but also harnesses and saddles and the upholstery for the corresponding coaches and carriages, which required the same precise workmanship as the manufacture of upholstered furniture. The wooden frames needed to be tackled with as much expertise as the assembly of padding and springs – which at that time were hand-tied – or the cutting and processing of leathers and fabrics. The company's main customer was the count's household in Donzdorf, whose enthusiasm for the Schwarz products provided the best possible evidence of their superior quality.

Three decades later, in 1911, Hermann Schwarz's father, Wilhelm, took over the company. However, he did not have much time to influence its history, because he died in 1928 at the young age of forty-five as a result of an injury suffered during World War I. Generally speaking, the idea of a "carefree youth" would have appeared rather strange at the time when terms like "pleasure society" or "adventure-loving society" had not yet been heard of. In any case, this moment marked the beginning of a very grown-up time for eighteen-year-old Hermann Schwarz. As the eldest son, he now had to take responsibility for his mother and his three siblings. In 1928, Hermann, backed by his grandfather, followed in his father's footsteps and took over the Schwarz Company and its fifteen employees. While working full-time, he completed a technical and commercial training at night school and graduated with a master's certificate.

Crisis Management

The Challenges of World War II

After a period of flourishing business, the beginning of World War II constituted another grave break in the company's history and called for masterly skills in crisis management. Hermann Schwarz was called up for military service in the first year of the war, but his wife managed to run the business until the end of the war when her husband returned from captivity. In 1946, Hermann Schwarz once again took over the management of the company. However, even though he had rented premises and had twenty employees at his disposal, it was impossible to simply resume the work which had been disrupted by years of crisis: From pre-war to post-war times, the German society and economy had undergone dramatic changes, as had the prevailing mood of the people. Much of the infrastructure was destroyed and had to be newly established. The old order had fallen apart, and what had once seemed self-evident was suddenly no longer valid. The feeling of "having survived" was accompanied by a dramatic loss of values, which was compensated not least by the enormous effort of a population struggling to rebuild a devastated country. People had to re-establish themselves – in a double sense: in a new life which was fundamentally different to that of pre-war times, and in new forms of living which also served to express a new attitude towards life.

Hermann Schwarz pinpointed this new view on life – he had a good nose for the requirements of the current situation and succeeded in transforming his perceptions into a new company strategy and into products which suited the needs of a changed target group.

As early as 1948, the company was able to leave its rented premises and move into a newly built production site in the Hauptstrasse. At this point, ninety employees – instead of only twenty in the year 1946 – were able to celebrate the opening of their new workplace: In a very short time, Schwarz had succeeded in more than quadrupling the workforce of his company.

New Impetus

Brisk Growth until the 1970s

And the positive response continued: Hermann Schwarz was a passionate entrepreneur of the old school, utterly committed to his work and constantly spurred on by the continuous acknowledgement he received for his achievements. "In 1953 we had 120 employees, by 1957 their number had increased to 170. Today there are 230 to 240 production workers and employees working for the Dreipunkt Upholstered Furniture Factory. We are presently making further plans for the future." This is how Schwarz summed up the state of things on that 6 December 1967, intimating that he already had certain ideas for keeping the business on the road to success. The hard figures also speak a clear language: The annual financial statement of 1955 shows a total turnover of 4,372,926.26 German marks. The cost of sales was 2,471,105.02 German marks, which leaves a balance sheet total of 1,913,943.80 German marks. With roughly two million German marks the company managed to generate a profit of 304,203.40 German marks – which by today's standards equals a stupendous return of fifteen per cent!

In that year, twelve Dreipunkt dealers operating in the southern part of Germany enjoyed commissions of up to almost 35,000 German marks. In the years that followed, they were joined by a number of new colleagues, and eventually the company was represented by dealers all over Germany.

Success hewn in Stone Corporate Architecture

Contrary to the current practice of taking advantage of tax breaks to compensate for entrepreneurial losses, Hermann Schwarz always kept to his principle that money has to actually be earned before it can be spent – a principle which ensures growth and stability, even though it may seem old-fashioned today.

Financially secure as a result of a profitable turnover, it became necessary for the company to expand production areas and optimise manufacturing sequences during these years of continuing growth. This was not only important in order to meet the company's self-defined high standards of quality, but also to accommodate the rapidly increasing demand for Dreipunkt products.

The current site map of the company buildings could be read as corporate growth materialised in stone: Until 1985, several new facilities were built within short intervals of time, eventually providing an overall area of 27,000 square metres to be used for production and administration.

On 8 November 1963, Hermann Schwarz and his employees celebrated the opening of yet another production building at the location in Donzdorf, receiving almost euphoric press coverage. Positive feedback was also given by the guests from the regional political and administrative sectors: the mayor, the municipal council, the chief officers of the employment office, the head of the guild – all acknowledged the achievement of this committed business pioneer. They clearly recognised that this man's achievements had implications for the future prosperity of the entire region – an impulse that would go way beyond the mere maximization of the company's key figures. The quality of workmanship in the region would be maintained and even advanced at a high level. Jobs would be safeguarded for both employees and suppliers (thereby – fortunately – leaving less work for the employment office). And apart from all that, it is, after all, business taxes and contributions which enable local communities to make investments on their part.

New production buildings covering an area of 1,200 square metres now provided ample space for the manufacture of upholstered furniture which, as the *Göppinger Kreisnachrichten*, a regional newspaper, of 16 December 1963 reported, "even in our rapidly changing times are not meant to become disposable goods. They are expected to last for years and even decades."

During these years of rapid growth and clearly defined standards of quality, it became necessary to give the products made in Donzdorf a distinguishing mark which would make them easier to recognise for the end customer as well the furniture industry. So, by the late 1950s, the company ceased to operate under the rather unwieldy and not particularly catchy name of "Hermann Schwarz Upholstered Furniture and Mattress

Factory Donzdorf". The owner himself had once coined the word "Dreipunkt", literally meaning "three dots". For him, these three dots symbolised the essential points of his business philosophy. Thus he had "made a mark" which embodied the company's identity – the Dreipunkt brand was born.

When Hermann Schwarz celebrated his sixtieth birthday on 25 October 1970, he was able to look back upon more than forty years of entrepreneurial success which clearly bore his personal trademark. "Every important decision at Dreipunkt bears the signature of the boss", the trade journal *Möbelmarkt* wrote in a portrait of Mr Schwarz on the occasion of his birthday – a quite astounding fact, considering that the company employed nearly three hundred people then and had turned over thirty million German marks by the year 1974. Such holistic and passionate commitment encompassing all company sectors stands in sharp contrast to present-day "magic" words such as "delegating" or "outsourcing". Hermann Schwarz conceived of the world in terms of networks and causal relationships. In his thinking, strategic foresight formed a synergetic bond with the perception of detail, and continuity coexisted with progressiveness. Accordingly, his concept of management was not limited to the quantitative optimisation of the company's key figures, but rather focussed on the actual message of the products and their significance for the end customer. Such a concept will automatically lead to convincing sales figures, which are, after all, nothing but abstract symptoms of entrepreneurial success.

Motherly Love Dreipunkt – the Unwanted Child

Together with a group of long-standing employees, Hermann Schwarz led Dreipunkt until the age of sixty-five. For want of a suitable successor, the company was then sold to the Deutsche Linoleum Werke AG (German linoleum works), based in Bietigheim-Bissingen. This marked the beginning of a very different era.

Hermann Schwarz had laid the groundwork for the development of the Dreipunkt brand, and one could say that the new parent company, the Deutsche Linoleum Werke (DLW), did the same in a strictly literal sense – the company specialised in floor coverings. It had no traditional links to the upholstered furniture sector. All there was in the 1970s was the idea of supplying not only flooring but also the furniture to stand on it. Even though Dreipunkt's strength was in the upholstered furniture segment, the DLW wanted to supply seats for the public sector. This was the beginning of a perpetual balancing act between the former product sector "Dreipunkt Upholstered Furniture" and the newly established "Dreipunkt artCollection", which specialised in office furniture.

Architecture is company history hewn in stone, and so it comes as little surprise that the construction work carried out with such verve under the patronage of Hermann Schwarz in the 1960s and 1970s gradually came to a standstill. In 1979, another 6,000 square metres of production facilities, located under seven new shed-style roof elements, were created to "set the course for expansion" (as the *NWZ Göppinger Kreisnachrichten* reported on 28 September 1979) – an expansion which may have been envisaged, but which, in contrast to the company's former history, was never put into practice. Hermann Schwarz's loyal staff, already mentioned above, who were emotionally committed to the Dreipunkt brand and who had accompanied Dreipunkt during the

first years after the takeover by the DLW, had long since left the company. So, the enlargement of the manufacturing hall by another three roof elements in 1985, which constituted the last phase of construction in that time, almost appears as an act of defiance – as if such a measure could evoke a continuation of the old success story.

Sell-out Searching for new Paths

As early as 1987, only two years later, the DLW commissioned a renowned personnel consultant to find a new manager to get the troubled company back on its feet. The head-hunter contacted Thomas Jungjohann, who at that time occupied a similar position with another German manufacturer of upholstered furniture and had already made a name for himself in the industry for his creativity and his ability to assert himself. Thomas made the trip from the Rhineland to Donzdorf in Swabia, talked to the DWL's board of directors – and politely declined the offer. The Dreipunkt company was so deeply entrenched in the group's internal structures that decision-making via the official channels would always be a sluggish process, and Thomas Jungjohann was not willing to accept this. The almost heroic form of entrepreneurship practiced by Hermann Schwarz had been replaced by huge administrative machinery which left no room for autonomous actions. Formal guidelines were more important than the actual concepts. For instance, before any raw materials could be purchased, it was mandatory to make enquiries at every subsidiary company within the group as to whether the material could not be procured more cheaply through them. This might have been a well-intentioned measure in terms of cost reduction; however, in the upholstered furniture industry the clocks were by no means ticking slower, but rather faster than ever before.

Finally, in 1998, Dreipunkt was put up for sale. The Deutsche Linoleum Werke, which today in their turn is owned by a US-American group, had finally decided to part with the "stepchild" they had never really taken into their heart, and subsequently sold all the furniture brands they had acquired during the preceding years. Once again, the name Thomas Jungjohann was under discussion.

Change of Perspective Decisions for a New Future

By then, Thomas Jungjohann was the owner of a Swabian manufacturer of upholstered furniture based in Ertingen, ninety kilometres away from Donzdorf. While Dreipunkt had been in the red for several years due to a decrease in demand for their products, Thomas company was flourishing and faced exactly opposite challenges: Production capacities could no longer cope with the incoming orders, and increasingly annoyed customers had to wait up to twelve weeks for their furniture. This time, Thomas Jungjohann's interest was awakened. He not only recognised the opportunity to acquire a furniture brand with a distinguished name and a long tradition, but above all he saw a way to quickly increase his production capacity. On 26 February, Thomas Jungjohann entered into negotiations with the directors of the group, and almost exactly one month later, on 1 April 1998, the sales contract was signed.

Shortly afterwards, the production of models was taken up at Donzdorf. However, the Dreipunkt model range, which at that time generated a turnover of eighteen (of the original thirty) million German marks, was no longer economically viable. With a single stroke of his pen, Thomas Jungjohann disposed of the entire programme overnight. He decided to completely rebuild the Dreipunkt brand, which had become estranged from its own origins during the preceding years. To this end, (?) it was essential to transport Hermann Schwarz's pioneering spirit, his intuition for the customers' wishes and the requirements of the time as well as his quality consciousness and his entrepreneurial foresight into the present and the future. And these challenges would have to be taken into account when developing new products, positioning a clear brand profile and giving the company a distinct entrepreneurial appearance.

The first years of the new millennium were dedicated to product development. With "Sitting in its Most Beautiful Form" Hermann Schwarz had already defined the message of his products back in the 1960s – a slogan which had been temporarily forgotten, but which proved to be as valid as ever. With the models D800 LOOP (1998) and D900 LOFT (1999), which featured an independent and distinctive use of form equally applicable to seating styles and corporate culture, Thomas Jungjohann began to revive the history of the Dreipunkt brand.

In order to optimise manufacturing procedures, in 2003, the production of nearly all products was brought together at the plant in Ertingen, while product development for the Dreipunkt models remained in Donzdorf. Today, all models are still manufactured in Germany, within the company and in cooperation with domestic suppliers, most of them based in Baden-Württemberg. Thomas Jungjohann is strictly opposed to transferring production to seemingly cheaper countries. His unwavering position in this point is not only a result of his high demands on quality, the smooth cooperation with long-standing partners he enjoys at home and the flexibility which in-house production offers, but also to his keen sense of social responsibility as an entrepreneur. In Thomas Jungjohann's opinion, it simply does not pay off to expect customers at home to buy products which have been manufactured under inhuman conditions in low-wage countries. And the reward of this attitude is a constantly growing international demand for his upholstered furniture made in Germany. The combination of international forms and German quality is appreciated especially in Asia and in Switzerland, where Dreipunkt products "made in Germany" have become a veritable lifestyle factor.

Dreipunkt presents New Dimensions

The year 2003 witnessed yet another step forward in the rebuilding of the Dreipunkt brand. In his company portrait of 1971, Hermann Schwarz had proudly pointed out the company's exhibition room, where that season's collection was displayed on an area of five hundred square metres, enabling him "to demonstrate the characteristic and authentic appeal of each piece of Dreipunkt upholstered furniture just as the buyer would experience it at home later on."

Just over three decades later, a part of the production hall was converted into a showroom of 2,500 square metres with a characteristic shed-style roof. With its high ceilings, visible service pipes and jagged roof, the building has retained a loft-like appearance which perfectly sets off the exquisite pieces of upholstered furniture displayed within.

Once the visitor has passed the long-stretched construction, the former factory building opens like a shell towards the onlooker, and a brightly lit glass front gives a full view of the severe but clear staging of "Sitting in its Most Beautiful Form" as it is conceptualised by Dreipunkt today.

However, despite this investment worth millions of Euros, Thomas Jungjohann met with a less enthusiastic response from the public authorities than Hermann Schwarz had done in his day: Because of "weighty" requirements concerning the necessary distance in centimetres between flagpoles, the company's right of passage on its own property or details regarding the range of products, the authorisation took just as long as the actual building phase. The fact that an entrepreneur was contributing to the safeguarding of jobs in times of economic slump by making investments instead of implementing economy measures was, however, not explicitly mentioned. Notwithstanding these bureaucratic hurdles, the newly designed loft was ready to open its doors in time for the in-house trade fair Hausmesse Süd on 5 October 2003.

Stabilised by these measures, the company dedicated the following year to product image. For lack of a clear profile, Dreipunkt had spent the first years of Thomas Jungjohann's management in the shadow of his company in Ertingen, but now the stage was set to tie in with past successes. The brand underwent a gentle re-design which retained the basic elements but adapted them to the new message. "Sitting in its Most Beautiful Form" is now regularly presented in the company magazine TurnStyle.

Good Leadership A Matter of Attitude

In 2006, the company celebrates its 125th anniversary. History shows that the success or failure of a company is not solely determined by the products themselves, but also by the constellation of the people involved. Product design and quality, workmanship and product image are the foundations on which the company's history is built. Hermann Schwarz and Thomas Jungjohann – two entrepreneurs in the proper sense of the word – have proved that so-called difficult times also offer opportunities for passionate, assertive and personally committed company managers. Their attitude stands in stark contrast to the currently widespread type of exchangeable, unemotional hire-and-fire management which is completely indifferent to the company or its products. They are the type of entrepreneurs who chalk up successes with their business philosophies, who are able to offer products reflecting the spirit of the times and for whom the maximisation of profits and moral responsibility are not a contradiction in terms.