

2007 Frost & Sullivan Growth Strategy Leadership Award

Award Recipient: PAUL HARTMANN AG

2007

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Growth Strategy Leadership Award

AWARD DESCRIPTION

The Frost & Sullivan Award for Growth Strategy Leadership is presented each year to the company that has demonstrated an exceptional growth strategy within the industry.

RESEARCH METHODOLOGY

A recipient is chosen to receive the Frost & Sullivan Award for Growth Strategy Leadership based on specific criteria. Through primary and secondary research methods, all companies' market revenues are tracked and those exhibiting significant growth are noted for their strategy implementation. Revenues are then compared year to year to monitor growth patterns. When a company continues to show high growth rates, it is a candidate for the Frost & Sullivan Award for Growth Strategy Leadership.

MEASUREMENT CRITERIA

This Award is given to the company that has bolstered its position in the market during the base year and whose strategy will have a lasting impact on the market. The Award criteria are based on the following:

- Ability to grow in a saturated or maturing market
- Implementation of a unique sales strategy
- Technological innovation and leadership
- Discovery of new venues for an established product
- Effective Internet strategy
- Strategic mergers, acquisitions, or joint ventures to penetrate new markets
- Reorganization structured around growth strategy



Frost & Sullivan presents the 2007 Growth Strategy Leadership of the year Award to PAUL HARTMANN AG. This award has been conferred on PAUL HARTMANN AG in recognition of its unique strategic approach to gain substantial growth in the surgical drapes and gowns market in Europe. This has been achieved by reorganization of their growth strategy which focuses more intensely on their core medical competencies, including disposable operating theater products. They have shown their ability to grow in a maturing market and are expected to emerge as a leading brand in Europe, with its focus on growth expansion in the surgical drapes and gowns market in Europe.

Company Profile

PAUL HARTMANN AG is one of the oldest German industrial companies and is the oldest German dressing materials factory, established in 1818. The company is primarily engaged in the production of surgical and hygiene products. Their products are used in hospitals, clinics, in first aid and in nursing homes. Their product portfolio includes therapeutic bandages, first aid products and kits, operating theater products, wound management, incontinence management and patient care products, medical skin care and diagnostics products, such as blood pressure monitors and clinical thermometers. PAUL HARTMANN AG is the parent company; the HARTMANN GROUP consists of PAUL HARTMANN AG and 16 subsidiary companies in Germany, in addition to 64 subsidiaries in other countries. They are all legally independent and fully consolidated. The company is headquartered in Heidenheim, Germany.

Strategic Realignment - FOCUS Strategy

The HARTMANN GROUP implemented a comprehensive restructuring programme in the second half of 2004. This comprehensive restructuring took place in light of the economic environment the company faced in Europe, particularly in Germany, their largest market. The reforms to the healthcare system in Germany had major ramifications to many companies including HARTMANN. Heavy competition, price pressure and tough regulatory measures were some of the obstacles faced by HARTMANN and led them to realign their business. Resources were reallocated, bringing them

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into line with HARTMANN's core competencies, and focused on restructuring and revaluing their overall portfolio. The programme FOCUS therefore concentrates on a clearly structured portfolio weighted towards medical products and on customers who expect professional system solutions. As a result of the FOCUS programme, HARTMANN invests in those fields in which the company has proven core competence, namely wound management, incontinence hygiene, and risk prevention in the operating theater. HARTMANN therefore started concentrating on the medical markets as opposed to the consumer markets.

Customer is the Key-Focusing on Providing Holistic Solutions

An important focal point of the new FOCUS strategy is to provide holistic solutions to HARTMANN's customers, that is professional users. This is done by optimizing the organization for this very purpose and by delegating responsibility to each individual market and region.

HARTMANN has also developed customer-oriented consulting concepts which are aligned by the Solution Management System to the overall strategy to provide holistic solutions. Another customer-oriented solution is HARTMANN Delivery Service for emergency hospitals (HLS) which provides delivery service for operating theater products. The solution is innovative and successful. With this service, HARTMANN helps hospitals to save time and money on materials management. Hospital staff can therefore concentrate more intensively on their core tasks. The supplies are delivered by HARTMANN-trained staff, on time and procedure-specific, to the sterile goods storage sections of the operating theaters. Time-consuming delivery and disposal tasks are thus handled by the HARTMANN delivery service, in addition to inventory control and automatic re-ordering.

Another customer-oriented solution is the merging of the Marketing and Development sections at HARTMANN at the organizational level. This has been done to guarantee an even stronger customer focus and supports HARTMANN in its efforts to optimise time-to-market.



Paul Hartmann AG.: Growth through Smart Approach

Chart 1.1 illustrates the translation of HARTMANN's corporate strategy into market share growth in 2007.

Conclusion

HARTMANN has demonstrated its deep commitment to the surgical drapes and gowns market in Europe. The strategic realignment of PAUL HARTMANN AG is in line with their FOCUS strategy and has helped PAUL HARTMANN AG to establish considerable market presence in 2006. The company has managed to garner a sizable market share and establish a brand presence among influencers, competitors and end users. Its continued dedication to its corporate strategy will see a bolstered presence in the European market, both in Western and Eastern Europe. For its ability to grow in a maturing market and its dedication to serve its customers better, Frost & Sullivan confers the 2007 Growth Strategy Leadership Award on PAUL HARTMANN AG.