



**Terrot**

**Products:**  
Knitting machines

**Sites:**  
Germany

**Employees:**  
130  
[www.terrot.de](http://www.terrot.de)

# Terrot's new beginning

**T**errot has around 140 years experience in the design and manufacture of innovative, superior quality knitting machines. The company, based in Germany, is among the top three knitting machine manufacturers in the world, and is renowned for its circular knitting machines. After some difficult years the company is now under new ownership, and is ensuring the Terrot name remains a dominant force in the knitting machine industry.

"Terrot is a 140 year old company, that is renowned for being a leader in the circular

knitting machine field, and today is among the top three manufacturers of high-quality knitting machines in the world," explains Peter Schuring, managing director at Terrot. "We have an excellent reputation in the industry for the quality of our machines, a typical Terrot machine has a long lifetime of around 25 years. So, we like to consider ourselves as the Mercedes-Benz of the knitting machine industry.

"During the last five years the company has experienced some financial difficulties, resulting in bankruptcy," Peter continues. "However, a group of investors, led by myself

has bought the company and we are carrying on the Terrot name and tradition under the new name of Terrot Limited. The plan is now to move forward and gain more market share by continuing to build on the company's excellent reputation, and its wide range of knitting machines by becoming a more efficient, customer orientated organisation."

Following the takeover, the company has commenced production again in Germany: "We began manufacturing again on the 1st July 2006, and for the time being we are planning an average production total of 30 knitting machines per month," Peter



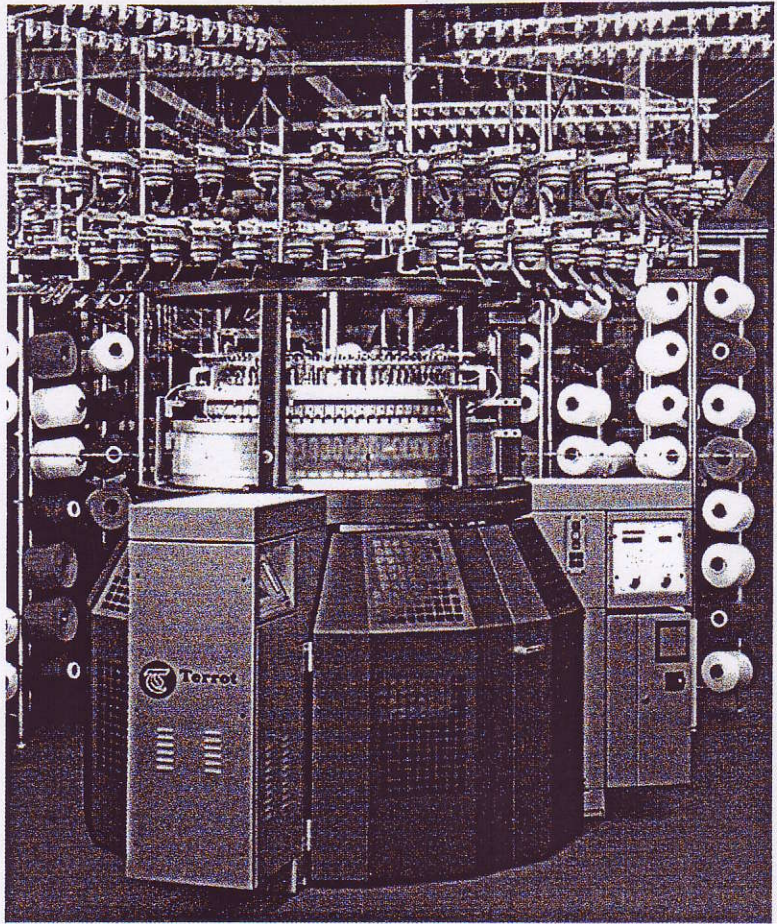
comments. "We have ensured that the staffing is orientated towards this production volume, but if we are more successful then we will of course increase our volumes."

Peter explains that there are many planned changes to ensure future success for Terrot: "There are several elements to the changes we will introduce. Previously, Terrot had a very divided structure, the management was situated in Stuttgart whilst the manufacturing operations were in Chemnitz. Consequently, the first step we have taken is to unite the entire company structure at the facilities in Chemnitz to ensure that we operate more efficiently.

"Secondly, we have aimed to operate more cost effectively by downsizing our number of employees," Peter continues. "The previous company had a staff of around 260, whereas we are going to operate with around 130, but still produce the same amount of machines per month. The final element, which is very important, is a significant investment in R&D and product innovation. I believe that if you want to retain your leading position in the market place it is vital your machines are always at the most advanced level. We are going to listen very carefully to what our customers want and manufacture that accordingly."

Terrot provides its market leading knitting machines to customers across the globe: "In recent years the textile industry has moved substantially into the Asian market," says Peter. "Consequently, our customers are largely companies that produce knitted goods in all of the Asian countries. However, Southern Europe is an important market for us, as is Latin America, as both areas have large knitting industries. Looking at the current market trend, I believe that over the next few years, the bulk of our machines will be sold to the Asian market."

The company has an extensive product portfolio, which Peter believes must be scaled down in the future: "In the past Terrot has merged with several of its competitors, and as a result has a huge range of knitting machines with different



specifications, which is too large. We want to streamline the product range significantly to be more efficient in our new operations. In a standard knitting machine there can be anything up to 18,000 parts, and if you have a wide range of products as we do then the requirements of maintaining parts in warehouses is enormous.

"We manufacture a broad range of knitting machines, including machines for mattress fabrics, a speciality of ours," he continues. "The design and manufacture of our products is a very customer orientated process, and involves a lot of tailor-made developments. We usually have everything possible in our portfolio and can provide exactly what a customer requires, there is hardly a machine that we cannot deliver."

With such a broad range of products, R&D and continuous product development is essential at Terrot: "It is very important for us, we believe that R&D is the future of the company, and we will invest very heavily in it," says Peter. "We have some notions of what we have to do to satisfy our customer's needs, but

the key point is that we do not want to develop products that are not customer driven, we want to listen very carefully to what they tell us, and develop the machines accordingly. We are currently having some developments in the electronics field, as they are increasingly being used in our machines, and some mechanical developments."

Peter explains that a key focus of the new Terrot business is efficiency, and cost-effective operations: "We have already introduced the payroll efficiency with the reduction of our employees, and we will continue to strive for lower costs. The other advantage that we now have is that out of the bankruptcy we could buy the company's assets at a very low price. Alongside this we have been able to negotiate a favourable agreement with the workers union in Germany, which gives us incredible flexibility in terms of employment efficiency."

Peter is confident that the new Terrot can be successful in a market that is currently booming: "I believe that the market is presently very good, and there is a lot of demand,

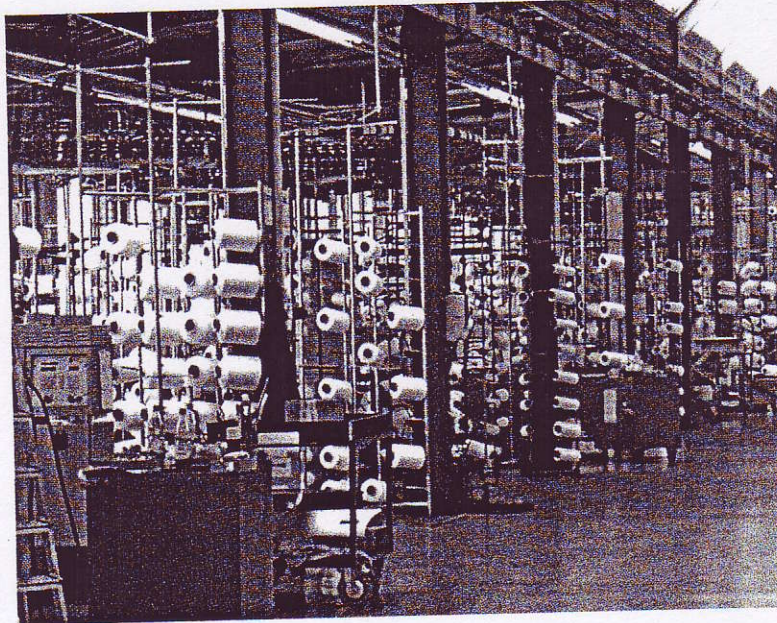
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particular in Asia, for our products. We have the advantage that the Terrot name has an excellent reputation in the industry, our machines are in mills around the globe and we will continue this tradition. Customers that use our machines continue to come back to us, despite the competition in the market, because of our quality. Using a Terrot machine guarantees that the fabric that is the end product is an excellent standard, which is the most important factor for textile manufacturers.

"The key challenge we face is that Terrot lost market share during the bankruptcy period, and lost contact with some of its key customers," Peter continues. "Therefore a lot of effort has to go into re-establishing the company as a powerful factor in this particular market sector. We are fortunate that quality is not an issue for us as it is the hallmark of Terrot, but we have other competitors so we have to stay in this top league."

Despite the challenges of re-



establishing Terrot, Peter is confident the company faces a successful future: "Terrot wants to be one of the top three manufacturers of circular knitting machines in the world, and to be a highly specialised company in this field. We have the advantage that the company has built a

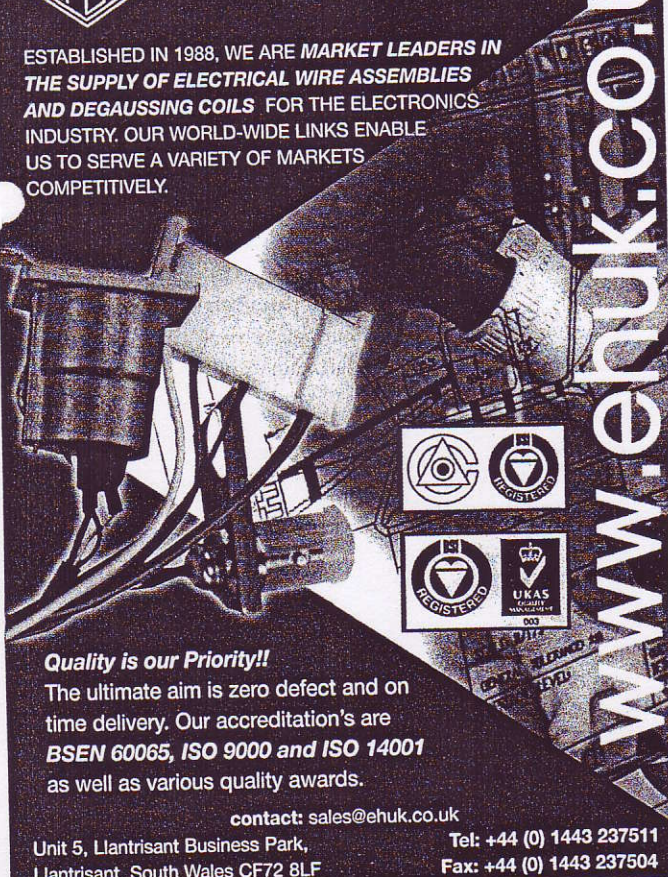
tremendous know-how over the years, which is the true hallmark of the business. We have the ability to manufacture, and understand how knitting machines are built to a high quality, and this is what we will continue to do," Peter concludes. ●MTEU

Terrot



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