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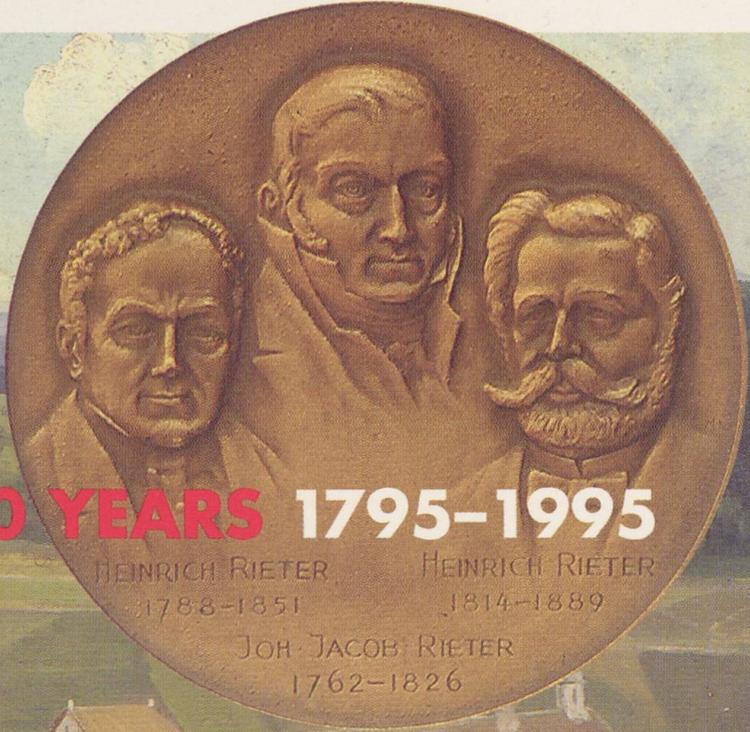
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RIETER'S 200 YEARS 1795-1995

HEINRICH RIETER
1788-1851

HEINRICH RIETER
1814-1889

JOH. JACOB RIETER
1762-1826

**FROM TRADING COMPANY
TO INTERNATIONAL GROUP**

ASSOCIATION FOR HISTORICAL RESEARCH IN ECONOMICS

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Rieter's 200 Years 1795–1995

VOL. 1
FROM TRADING COMPANY TO INTERNATIONAL
GROUP

Johann Jacob Rieter
(1762–1826)

Heinrich Rieter
(1788–1851)

Heinrich Rieter
(1814–1889)

by Alfred J. Furrer, Winterthur
translated by Herbert Hind, Weiach

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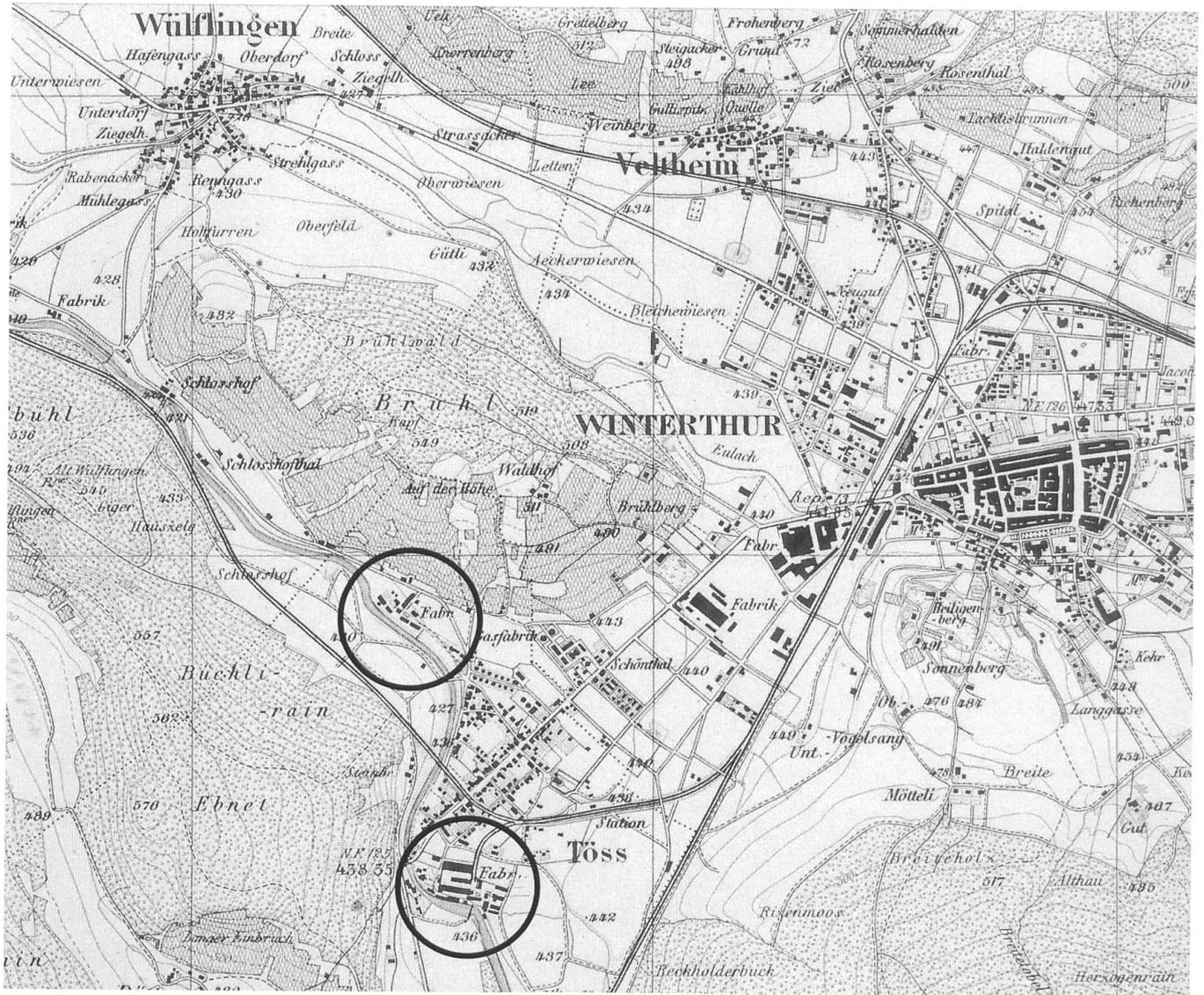
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Map of Winterthur and its environs (Swiss Fed. Staff Office 1879/81); scale 1:25 000.
 The map shows (circled) in Töss – which was an independent parish until 1922 – the two Rieter factory sites of Obertöss (now the company's head office) and Niedertöss (now the research centre).

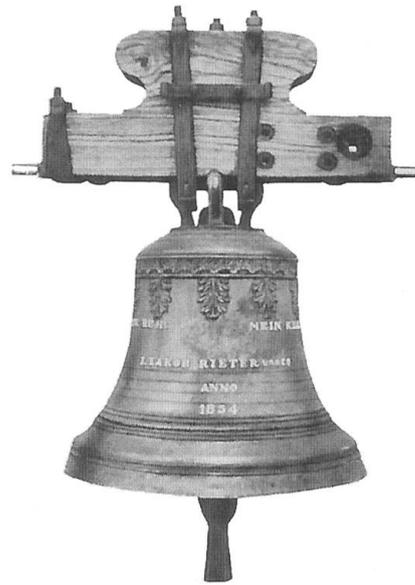
Introduction

Determined to make his own way in life, the young Johann Jacob Rieter left the family's goldsmith business in 1795 for the world of commerce. His thirst for the freedom to conduct his own business prompted him to break out of the constraints imposed on the craft trades in the Zurich of those days. The Rieter name has endured through an eventful series of developments ever since.

Over several generations and through economic ups and downs, the sons and grandsons of the Rieter family have taken responsibility for the development of the firm. They led the company from trading in colonial produce and cotton, to become ultimately a spinning machinery manufacturer. In the process they also became involved in numerous other textile machinery sectors and diversification ventures such as e.g. turbines, electrical engineering, railways, bridgebuilding and rifles.

In the early 20th century the company's destiny was finally entrusted to specialists outside the Rieter family. They continued to manage the company in the spirit of its founders, concentrating its activities on spinning machinery manufacture. While following this development route, the company was also opening up to all international markets. In the process, Rieter grew out of the monoculture of a one-product company and developed the structures of a global multitechnology group.

These developments are recorded in these publications celebrating the 200th anniversary of the Rieter com-



Obertöss factory bell, inscribed «My peal calls to and fro, to work and to rest»

pany. The first volume reviews the company's history, while the second volume deals with general engineering, textile machinery manufacture, the products of staple fibre and filament technology, and noise control.

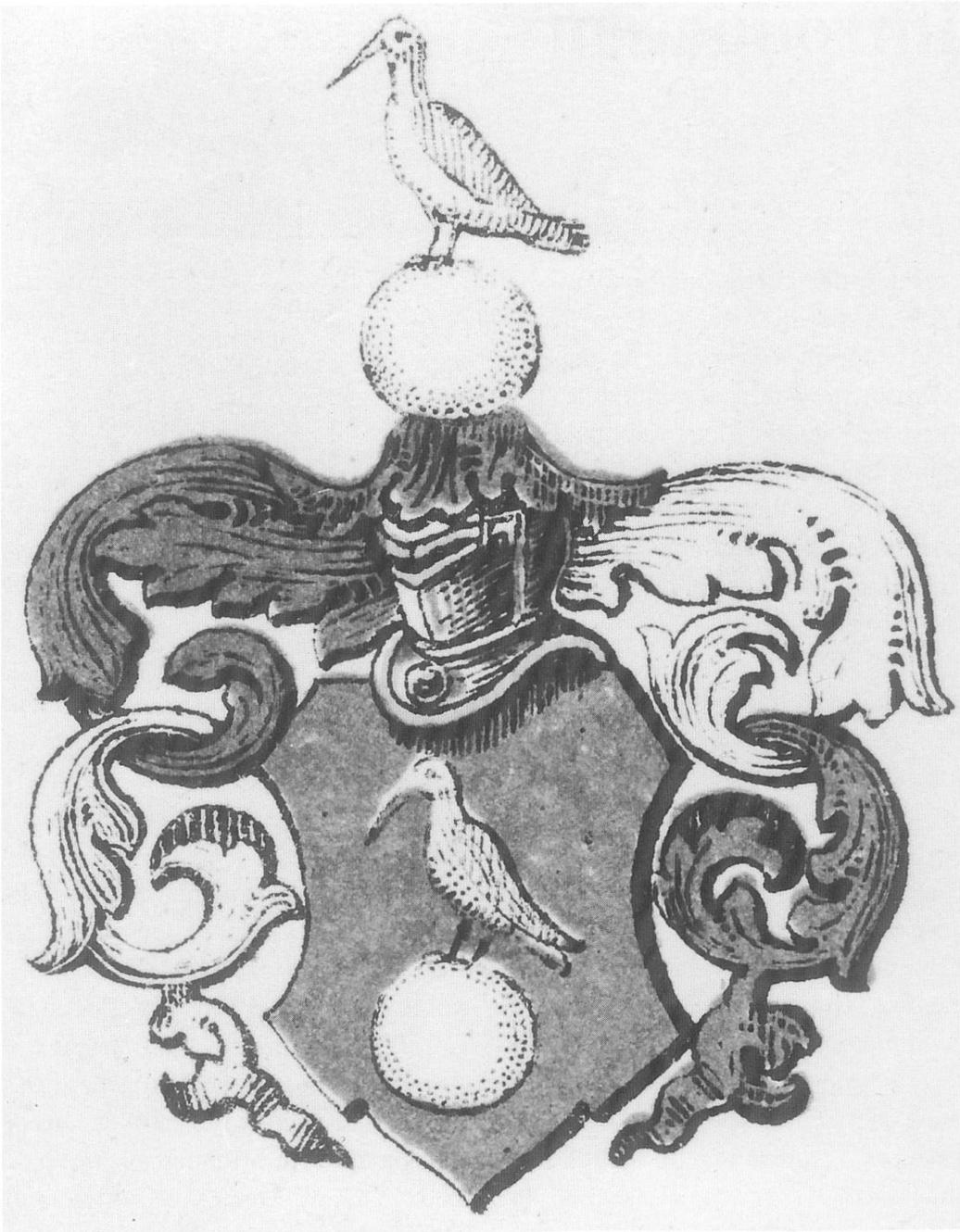
The brief, matter-of-fact presentational style of these two pioneering volumes has been chosen deliberately to reflect the spirit of the times as the turn of the millenium approaches. The material is intended to provide verbal and pictorial information on the past 200 years of Rieter's activities, and also to encourage reflection on the company's future.

As regards historical developments and the first 175 years of the company's existence, this volume is based on the manuscript by Dr. Hans U. Rentsch of Winterthur, who died in 1994. Paul Klaeger of Meilen completed the chapter on the Rieter family and put together the chronicle of «Rieter's 200 Years 1795–1995».

The work as a whole, and in particular the progress of the company in the past twenty-five to fifty years, has been compiled by the author.

Winterthur, summer 1994
Alfred J. Furrer

*The Rieter family coat
of arms*



The foundation of the trading company

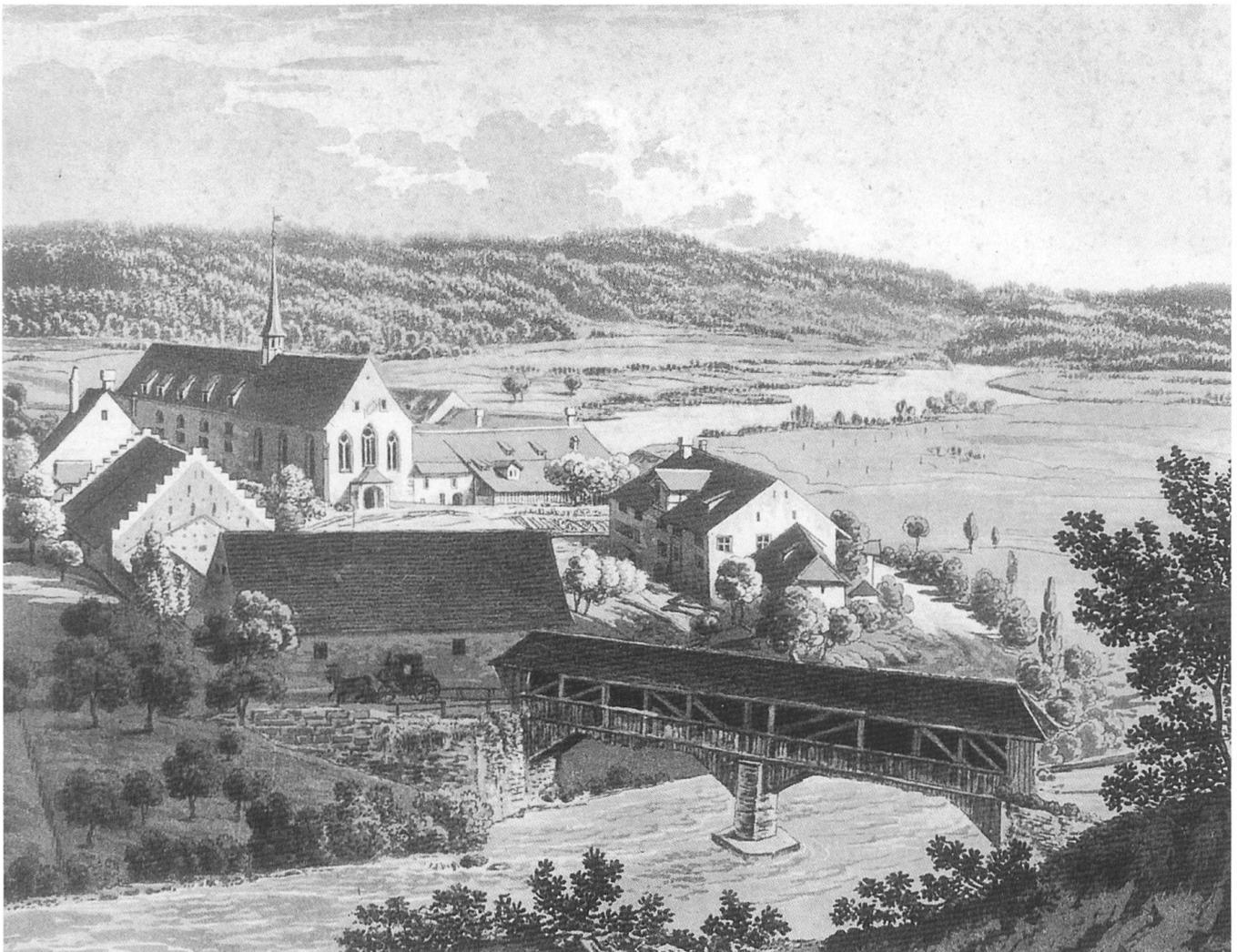
The political and economic environment

The Rieter trading company was founded in the closing decade of the 18th century, during which the impact of the French Revolution on the neighbouring countries was becoming increasingly noticeable. The end of the ancien régime with its arbitrary subject relationships was also looming in Switzerland. In Winterthur, the shackles which Zurich had zealously imposed on its subject city were already beginning to slacken. Ever since the disastrous pledging of the former Aus-

trian provincial town on the river Eulach to the powerful city of Zurich in the year 1467, the latter had been at pains both to deprive the people of Winterthur of political power and ruthlessly to restrict their aspirations to independent economic development. They were only allowed to pursue trades which had already existed in 1467 and in which the capital city showed no interest.

However, Winterthur's outstanding qualities developed from the ill-will of the «gracious lords» of Zurich. Instead of politics, enterprising citizens turned

The Töss convent ca. 1820, from a copper-plate engraving by Franz Hegi (New Year print by the Winterthur Municipal Library, 1820)



their attention to contacts abroad; and first of all they were forced to exercise their ingenuity and always to keep their eyes on the most up-to-date and fashionable trends which had not yet found their way to the shores of Zurich's river Limmat. With increasing frequency, influential citizens of Winterthur sent their sons abroad to study modern branches of business, manufacture and innovations far away from Zurich. It was they who forged the first durable links with the outside world – behind the backs of the grudging Zurich guildsmen, so to speak – which even before the end of the century had already made Winterthur a centre of trading in colonial produce, coffee and cotton.

A number of new trades had gradually grown up in the town on the Eulach, such as the Pfau family's manufacture of cotton wool, Salomon Sulzer's brass foundry in the «Stadtgraben», or Clais and Ziegler's chemical laboratory in Wülflingen. Trading companies had also grown up to procure the necessary raw materials for the old-established cotton spinning and weaving activities conducted as a cottage industry in the river valleys of the Töss, Kempt, Murg and Thur. Yet the Zurich Factory Code of 1717 stipulated that cotton and yarn could only be processed raw outside the capital, and must only be sold to citizens of the city of Zurich. The cotton trade was the only one which the Zurich guildsmen had not retained as their exclusive privilege. The far-sighted Winterthur merchants took advantage of this fact and the diverse contacts they had already long cultivated with foreign companies in order to evade the restrictions imposed by Zurich and make imports from overseas and exports to regions outside Zurich.

In common with other Swiss subject cities, Winterthur found itself

freed completely from its shackles when the old federal structures collapsed as a result of the French Revolution and the French invasion in 1798. The achievements of the Helvetic Republic could no longer be reversed even in the subsequent period of restoration; they finally came fully into their own in the new federal state. The 19th century therefore also marked the beginning of a period of broad-based economic development for Winterthur.

The Rieter family

Johann Jacob Rieter (1762–1826), founder of the company of the same name, came from a distinguished family which can be traced back to the 16th century in the city of Winterthur.

The family tree can be followed back to Bartholomäus Rieter, a miller mentioned in documentary records between 1520 and 1542. He bought the «Werd» mill on the river Eulach, in what was to become the Arch quarter of the city, in the year 1525. This mill had been owned from 1277 until 1476 by the Töss convent, which had leased it out. The milling trade remained in the hands of the older branch of the Rieter family for over 300 years, from 1525 to 1858, and the building therefore soon became known as the Rieter mill. The millers at the Rieter mill were always respected citizens of Winterthur who stayed loyal to their trade. The older branch of the Rieter family also includes five artist-painters who were active in the 18th and 19th centuries: the best-known of these was Heinrich Rieter (1751–1818).

The younger branch of the Rieter family consisted of the three lines bearing the names of Blumengarten, Rothaus and Glocke. Coppersmith Hans Rieter (1596–1649) acquired the tenure of the lower bleaching-ground in Neuwiese. As far as guild member-

ship constraints allowed, he exercised his versatile talents as a blacksmith, bleacher and dyer. The lower bleaching-ground soon became known as the Rieter bleaching-ground, and remained in the family until 1860.

Hans Rieter's son Heinrich (1623–1670), also a coppersmith and bleacher, lived in the 'Eisberg' house on Metzggasse. He was a member of the High Council, but – like his father before him – did not live to old age. Perhaps the lack of sanitary facilities at the copper smithy and dyeing shop were responsible for his premature death.

Heinrich Rieter (1652–1715), great-grandfather of Johann Jacob Rieter, was a coppersmith and bleacher, and a member of the Lower Council. Heinrich Rieter's younger son Jakob (1692–1727) was also short-lived. The grandfather of the company's founder was a coppersmith and bleacher in the

fourth generation. His son Hans Heinrich Rieter (1723–1790), who lived in the 'Eisberg' house, was a goldsmith by trade and a member of the High Council from 1760. He married Regula Rieter (1723–1781), daughter of Hans Heinrich Rieter from the Rieter mill, who was a miller and member of the Lower Council. The couple had seven children, five of whom died young. Heinrich Rieter (1752–1822) succeeded his father in trade and business.

The founder

The youngest son, Johann Jacob Rieter, was born on August 2, 1762. After attending the boys' schools in his native city, he probably served a commercial apprenticeship in a Winterthur trading house. Only just over twenty years old, he started to make his first transactions for his own account. He ordered spices abroad and supplied companies in the neighbourhood, including J. Koch at the Hirschen in Stein am Rhein. Apparently he was not satisfied with this occupation, probably because he did not have enough money to be able to plan on a large scale. Johann Jacob Rieter established trading links with Johann Ulrich Geilinger and Johannes Graf of Winterthur on October 1st, 1785; this association lasted for ten years. There was already a minor difference of opinion between the three partners in December of the same year. During stock-taking, Geilinger did not want to record his external goods before Rieter's invoices were settled. The Lower Council decided that the partnership would not be regarded as concluded until the stock-taking had been completed. Since the young Rieter only gradually put his own capital into the partnership, the firm was as a rule only referred to in the records as Geilinger and Graf. Johann Jacob Rieter's

The founder of the company, Johann Jacob Rieter-Frey (1762–1826)





The family house «zur Glocke» in Winterthur's Marktasse



House sign «zur Glocke»

Hans-Heinrich Rieter
1723–1790
Goldsmith («zum Eisberg»)

Melchior Ziegler
1763–1824
Treasurer («zur Palme»)

Heinrich Rieter
1752–1822
Bleacher («zum Eisberg»)

Jakob Melchior Ziegler
1801–1883
Teacher, cartographer
(«zum Palmengarten»)

Susanna Kleophea
1816–1851
m. Joh. Konrad Meyer
(Zurich, 1811–1847) 1835

Jakob Melchior
1811–1876
Music publisher
(«zum Schanzengarten»)
m. Luise Biedermann 1835

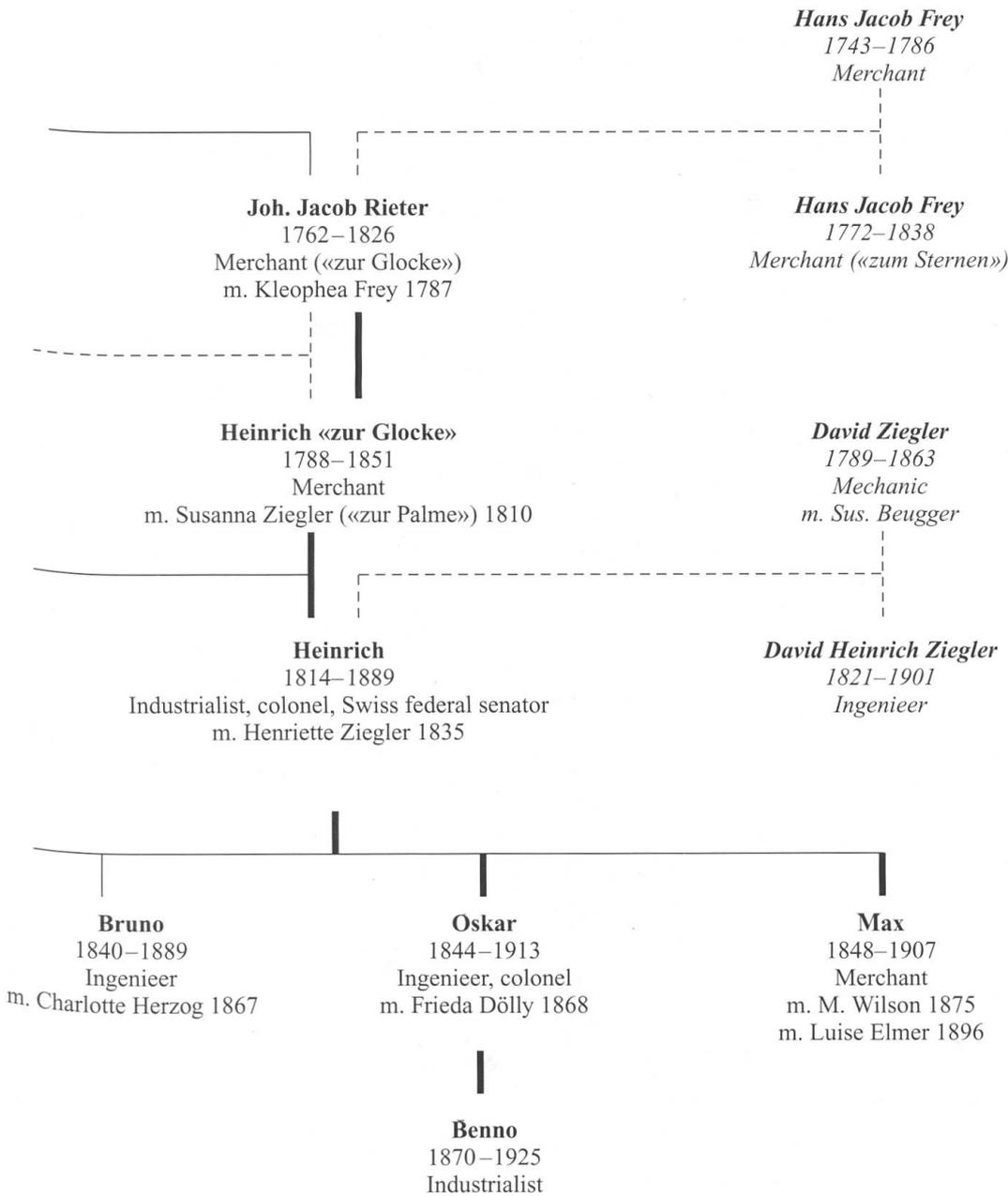
Karl
1839–1883
Manufacturer
in Glattfelden

Heinrich
1838–1901
Ingenieur
m. Berta Fenner 1866

*With God! A.D. 1795.
Joh. Jacob Rieter
founded his own trading
company on April 15,
1795. Accounts had
already been opened in
March 1795, and we see
on the right the first
item in the journal, the
opening of an account
with Caspar Schulthess
& Co., bankers in
Zurich.*

The Rieter «zur Glocke» family

(insofar
as they are
related to
J. J. Rieter & Cie.)



1.

1815 Gott! Anno. 1795.

Mary 20 Caspar Schüle besüens Compt. - in Zürich - Söllern
No 1. ein vorkommendes Pfund statt auf die Hälfte von
1100. - } à vista Letter Roudeleux - / 1500. -

financial situation improved considerably with his marriage to Kleophea Frey in 1787 and his father's death in 1790. As calm returned temporarily to Europe in 1795, Rieter decided to set up on his own and concentrate his import business on cotton. The first consignment, a bale of cotton, arrived at the weigh-house on Marktgasse on April 23, only 14 days after the peace treaty had been concluded between France and Prussia. This was Rieter's first commercial transaction for his own account.

It is difficult to establish what financial resources Rieter had at his disposal when he founded the company. Various investments on record lead us to suppose that some 20 000 guilders were available. A brother of the founder, the bleacher Heinrich Rieter (1752–1822), was probably already involved when the company was founded. In any case, he also joined the trading company in the summer of 1796, and the firm was now called 'Joh. Jacob Rieter & Comp.' The company's premises, which were located in their father's 'Eisberg' house on Metzggasse in the early years, were moved in 1800 to the better placed 'Glocke' house on Marktgasse; this is why the firm was generally known as 'Rieter at the Glocke'. It traded mostly in cotton, which was obtained mainly from London and Liverpool, as well as from Cyprus and overseas. Sugar and coffee were also important, and indigo and cochineal were imported for textile dyeing and printing. Yarn often had to be accepted in payment instead of cash, and Rieter conducted a brisk barter trade in this commodity. The continuing war between revolutionary France on the one hand and England and Austria on the other complicated the situation for the young company, which only survived the confiscations, plundering and blockades by virtue of

its spirited flexibility and ample resources. Finally, Switzerland itself was also drawn into the general maelstrom of war in the spring of 1798.

Monetary values – then and now

The young Johann Jacob Rieter had more than 20 000 guilders at his disposal when the company was founded. Shifts and changes in valuation yardsticks make it impossible to convert this sum directly into current monetary values. According to the 'Zurich currency' of that time, the accounting guilder was equivalent, for example, to 16 'Batzen' of 10 'Rappen' each. In those days, 5 kg of bread cost one guilder. If this price is taken as a guideline, 20 000 guilders in 1795 were equivalent in purchasing power to 500 000 Swiss francs today. The founder of the company was therefore a wealthy businessman, which was very useful for major contracts.

Solidly founded trading company in the years of the Helvetic Republic

Only two months after the fall of Berne on March 5, 1798, and the subsequent proclamation of the Helvetic Republic, the French marched into Winterthur to be welcomed ecstatically by the majority of the population with dancing and a 'liberty tree' in Steinberggasse. It goes without saying that the overthrow of the Swiss confederation and the subsequent confusion had a very adverse effect on trade and commerce, and brought serious drawbacks especially for a young business such as Rieter's, particularly since eastern Switzerland soon afterwards became a battlefield between the Russians, the Austrians and the French.

On the other hand, the liberation from the humiliating tutelage of the city of Zurich, together with the new freedom of commerce and trade guaranteed in the constitution, were a great relief. Rieter sought to recoup his losses by obtaining supplies from eastern Europe and increasing trade in cotton fabrics, while imports from overseas again became possible as the French troops advanced across Europe. Nevertheless, times were difficult enough, even after the withdrawal of the foreign armies. Consignments of sugar, coffee and cotton from America had to overcome many obstacles between Antwerp and Winterthur. Deliveries were often on the way for more than three weeks, if indeed they ever reached their destination.

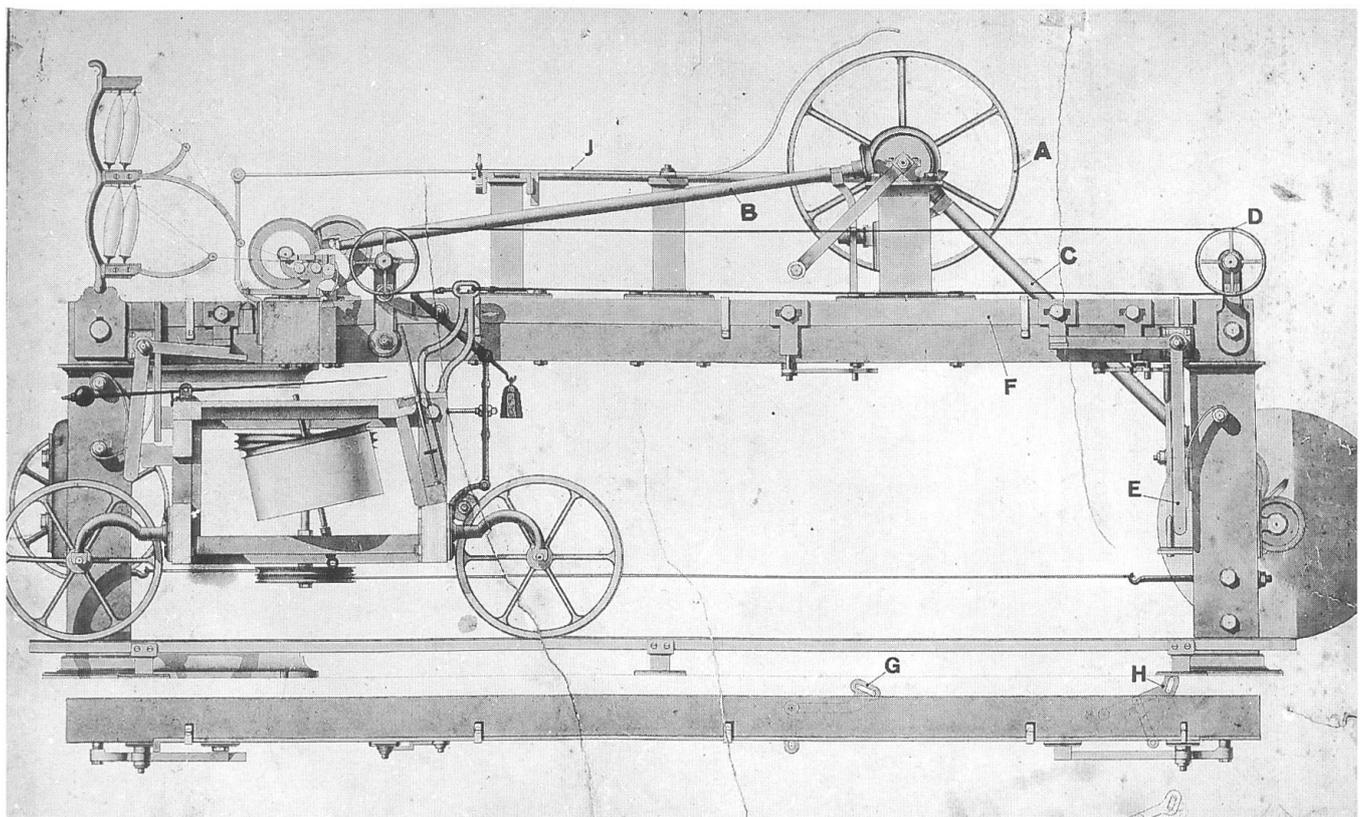
Although basically apolitical, Rieter readily placed himself at the disposal of the new authorities. Without becoming involved in the political unrest which racked the country until the end of the Helvetic Republic, he accepted various political offices. When the

stormy years of the Helvetic Republic approached their end in 1803 after the conclusion of the War of the Second Coalition, Rieter was able to view with satisfaction a largely intact and solidly founded trading business, especially since the Mediation Act of Napoleon I promised a period of calm, consolidation and economic recovery for Switzerland. The achievements of the Helvetic Republic were an especially important factor, above all of course the freedom of commerce and trade, which was also upheld under the new regime.

The Continental Blockade

The historical fact of the so-called Continental Blockade, which the victorious Napoleon imposed on England at the end of 1806, was of decisive importance. Europe had to bow to the dictates of the Corsican after the Battle of Austerlitz on December 2, 1805. This put a stop to Rieter's direct imports of coveted English machine yarn, and supplies of cotton from

Rieter hand mule around 1835, based on English machines dating from the beginning of the 19th century



America came to a standstill. Probably with these supply problems in mind, Johann Jacob Rieter had already made changes to the holdings in his firm in 1804. The founder's brother left the company, but retained his financial stake in the business. Jacob Rieter's son Heinrich (born in 1788) joined the company in his place in 1809, by which time the links with brother-in-law Hans Jakob Frey had also been consolidated.

In order to circumvent the difficulties caused by the Continental Blockade, Rieter established contact with suppliers in as many cities as possible, including Genoa, Trieste, Marseilles and many others. He also turned increasingly to the export of fine cotton fabrics, mainly from the Toggenburg and the St. Gall region. However, supplies from overseas could not be forgone indefinitely; efforts were therefore made to obtain cotton and English yarn indirectly, despite the Continental Blockade. Rieter kept devising new schemes to bring the coveted merchandise via the English territory of Heligoland through Germany, or via Sweden and the Baltic ports to Switzerland. However, deliveries were not immune to confiscation and theft; even journeys in person, permits and bonuses for success were little help against these hazards. Detours via ports further and further east, such as Riga, St. Petersburg or Odessa, made the goods disproportionately more expensive, of course; and forwarding them along the Danube and over smugglers' trails from Fiume (today's Rijeka in Croatia) over the Alps brought little relief. The long-awaited normalization came only as the fall of Napoleon approached and the Continental Blockade was lifted in 1814. Supplies from overseas now revived again, and the prolonged economic crisis was succeeded by a recovery in



many sectors which was overshadowed by the political stagnation of the restoration period.

Heinrich Rieter-Ziegler (1788–1851), son of the company's founder

From trading to spinning

The end of trading activities

During the last ten years in the life of company founder Johann Jacob Rieter (1762–1826), trading activities gradually declined, and the transition was made to in-house manufacture and sale of the yarns produced by the company itself. This course of events reflects the development of European industry and at the same time provides a vivid picture of Swiss economic history. Sales of yarns and textile products using new, mechanical working methods originating from England developed out of the import and sale of produce from overseas. From this there arose in Switzerland – not least under the influence of Napoleon’s Continental Blockade – the idea of installing spinning machines and looms in this country and – as a pioneering move for the course of industrial development in Switzerland – maintaining and ultimately assembling these machines, most of which came from England. That was the starting point for the establishment of the Swiss mechanical engineering industry, which was to become the country’s main line of business.

As early as 1810, the spinning mill of Escher Wyss & Cie. in Zurich had manufactured spinning machines – which could no longer be obtained from England because of the Napoleonic embargo – for the first time in its repair workshops. Later came the decision to build one’s own machines, due especially to the time factor. England itself had prohibited the export of textile machines after 1814 in the vain hope of putting a stop to the blossom-

ing textile industry on the continent. There was thus a serious shortage of textile machines everywhere until this ban was lifted in 1842.

Without being able in retrospect to identify the exact point in time, Rieter reduced his trading activities steadily after 1817 and turned his attention to a growing extent to his own machine manufacturing operations. The transition to the textile industry started a new chapter in the company’s history which was of considerable significance for the further progress of the Winterthur economy.

The first spinning mills had already sprung up in eastern Switzerland in the early years of the new century. In Winterthur itself, far-sighted businessmen had formed a joint-stock company and opened a plant utilizing the water power of the river Töss in the ‘Hard’ at Wülflingen in 1802. Rieter subscribed for thirty shares in the company and sold its products until he started his own manufacturing operations. He also sought to invest in other companies which were being formed, since this young sector of industry was expanding rapidly everywhere as a result of the Continental Blockade. Spinning mills were springing up everywhere in eastern Switzerland, with the subsequent ‘spinning king’ Heinrich Kunz playing a special role in the Zurich uplands; he set up his first spinning mill at Oetwil am See in 1811. The transition from traditional hand spinning to factory operations signified a real revolution, of course, and did not come about without creating social tensions. Especially in times

of crisis the hatred stored up against the new production methods which economized on human labour was released, sometimes violently. Even disasters such as the fire of Uster were unable to slow down this development trend.

Own spinning mills

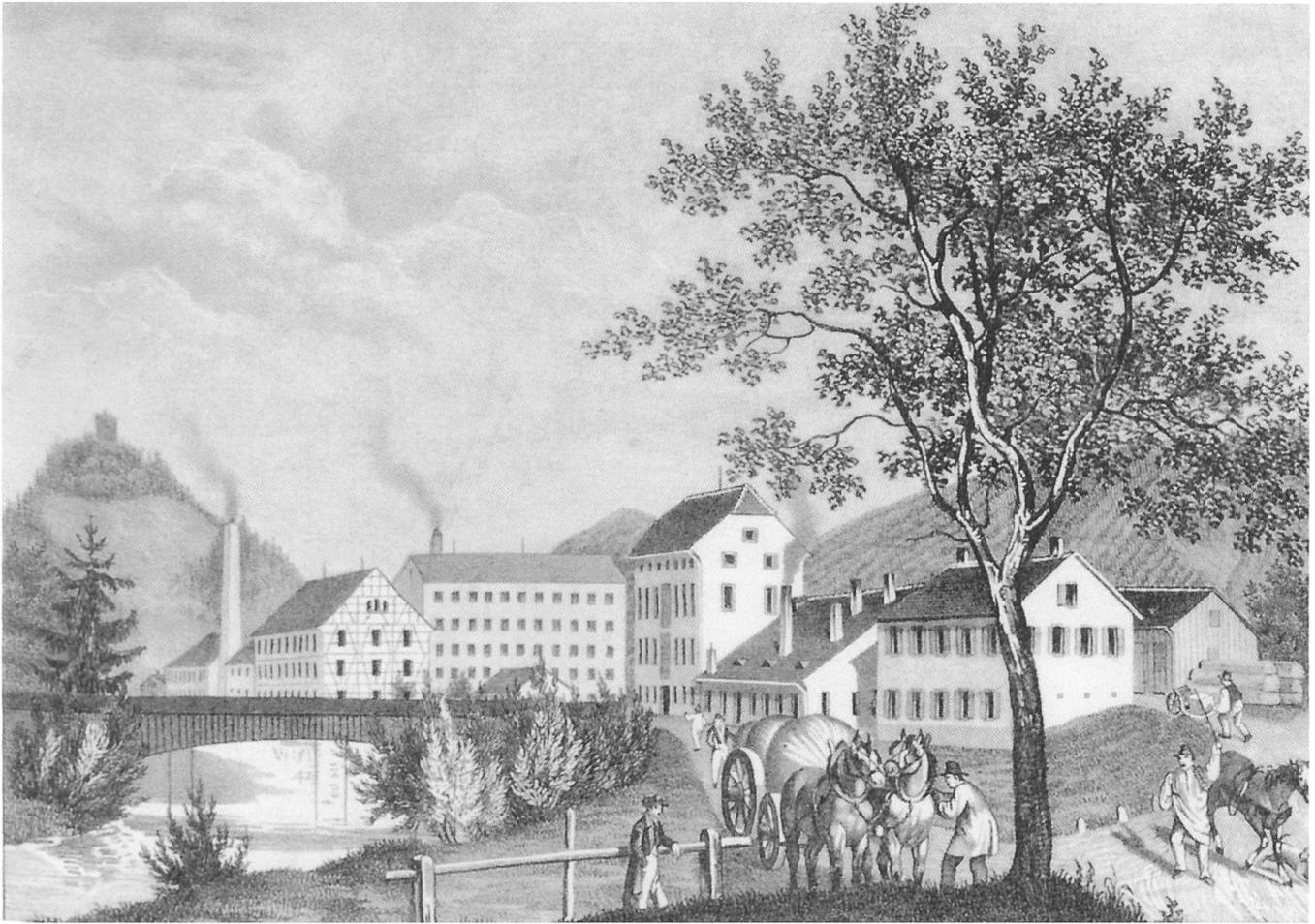
Around 1813 there were some sixty spinning mills in Canton Zurich, which did good business thanks to the Continental Blockade. Due to the favourable economic climate and his advantageous personal circumstances, Johann Jacob Rieter was then also reaching the point of deciding to set up his own spinning mills. Together with other members of his family, the Greuter & Rieter Bros. company and miller Heinrich Rieter, he founded the Wildbach spinning mill in Winterthur in 1812 as his first manufacturing enterprise. In 1817, Johann Beugger, former works mechanic at Hard, also built a large spinning mill near Wülflingen in

order to profit from the general economic boom. However, businessmen were not the only beneficiaries. As local author Jakob Stutz writes in his biography, 'people preferred sitting at the loom to sweating in the fields . . .'. The revolution of rural life was thus in full swing.

After the Continental Blockade was lifted, cheap English yarn began to flood Switzerland and brought the boom to an abrupt end. The Wildbach spinning mill therefore had to stop production in the summer of 1817. However, Rieter would not have been the astute businessman he was if he had not sought his fortune in other investments, for example in a new undertaking on the Steinach in St. Gall. Together with Hans Ulrich Graf, a major customer for Rieter's cotton, he established what was by the standards of the day a large spinning mill in the Augarten and Schönthal premises. However, this venture also fell victim to the crisis, since the fact that the mill

«Wildbach» spinning mill in Winterthur, founded in 1812





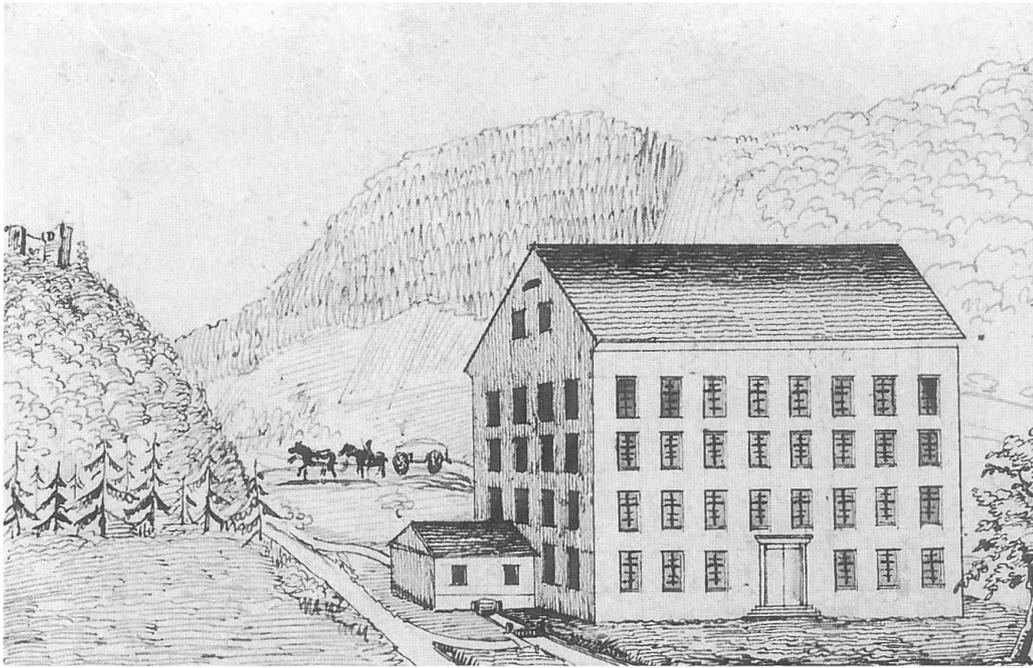
Spinning mill and workshops of J. J. Rieter & Co. in Niedertöss ca. 1845

was only partially mechanized made operations uneconomic. Undaunted by this setback, Rieter and Graf transferred the spinning equipment to new premises at the Buchenthal spinning mill (near St. Gall/St. Fiden), which enjoyed better fortune. From 1823 onwards the two men also managed the St. Georgen spinning mill, which had been founded in 1810 and experienced difficulties in 1817. While the changed economic conditions took their toll of other undertakings in which he had invested, Rieter sought to establish links with the weaving industry in order to be able to continue employing his spinning personnel in vertically integrated operations. During all these vicissitudes, Rieter demonstrated decision-making ability and acumen, and did not allow himself to be distracted from correctly identifying future development trends, even by losses and setbacks. He had actually devel-

oped into something of an authority on spinning whose advice was widely sought. After a brief new crisis in 1820 had again shaken all manufacturing operations, he laid the actual foundations of today's company together with his son Heinrich in 1824.

Spinning mill and mechanical workshop at Niedertöss

The formation of the new company signified at the same time a handover between the generations in the house of Rieter. Johann Jacob Rieter, who had brought the company into being in 1795 and built several spinning mills after 1810, began to take a back seat. His only surviving son Heinrich (1788–1851) discontinued trading activities in cotton and colonial produce and moved completely into the spinning business. He was a worthy successor to Johann Jacob Rieter, who died in 1826, and a pioneer of equal



Spinning mill in Nieder-töss (contemporary pen-and-ink drawing)

rank in the early days of Switzerland's industrialization.

Heinrich Rieter, educated in commerce and the humanities, was initially unprepared for new technical developments, and first had to acquire the necessary knowledge through untiring study in order to be well equipped to take the risks involved in becoming an independent manufacturer. The inheritance of his father-in-law, Treasurer Melchior Ziegler zur Palme, who died in 1824, made the decision easier for him. With two partners, the Winterthur company of Ziegler and Sulzer, cotton wholesalers, and his brother-in-law, the young Jakob Melchior Ziegler, he proceeded to found the fine spinning mill in Nieder-töss, as recorded in a 'treaty' dated April 1st, 1825. Construction of the workshops and spinning mill building was started in July 1825; Heinrich Rieter utilized the experience gained in other spinning mills and far-sightedly incorporated emerging development features. This gave the new manufacturing operation the character of a model plant. The buildings were finished at the end of 1827, and full operations commenced with 7500 spindles in March 1828.

Heinrich Rieter himself had assembled most of the spinning machines he needed. The spinning mill employed about 60 to 80 personnel. 14 workers and 9 labourers were incidentally mentioned in the workshop, which was the proprietor's personal responsibility. He felt himself drawn most strongly to this pioneering department, and it was indeed to be the starting point for the development of the machine works.

The boom years (1830–1848)

The opening of the Nieder-töss spinning mill was followed only two years later by a political upheaval in Canton Zurich with far-reaching consequences. The liberal ideas originating in the countryside made a breakthrough; the canton was given a new, liberal constitution which finally dispensed with the privileges of the capital city and granted all citizens equal political rights. Committed to democratic ideas from the outset, Heinrich Rieter had been elected to the Winterthur City Council in 1827, but he soon saw that the expansion of his company was hardly compatible with the simultaneous demands made on him by public

service. He resigned all his public offices in 1831. Heinrich Rieter was married to Susanne Ziegler zur Palme; three of their children lived to old age, among them Heinrich Jr. (born 1814), his successor. The latter became generally known as Senator Rieter in recognition of his high federal office.

After the revolution of 1830, industrial growth reached a first peak in the regeneration period, and this continued with some fluctuations until the crisis of 1847. Especially overseas trading, with increasing sales in the New World, generated a new boom in the Swiss spinning industry. This was also sustained by the industry's sound base in the markets of Austria and the territory of the German Customs Union, which promoted the unification of Germany through the abolition of customs duties between the German territories. As a consequence of this advantageous economic development trend,

*Heinrich Rieter-Ziegler
(1788–1851)*



various extensions were made to the premises in Niedertöss between 1836 and 1841. Not least the march of technical progress and the rising demand for power forced businessmen to modernize and replace equipment. It is assumed that some 140 people were employed in Niedertöss at that time, about half of them adolescents. Rieter overcame the economic slump which followed the Zurich coup d'état of 1839 by adjusting prudently to the needs of the market and making continuous improvements to his machines. Furthermore, Rieter was one of the first spinners to use steam engines to smooth out the fluctuations of water power in his operations. One acquisition, indicative of the future, initially had no influence: the purchase of land and buildings from the Töss convent.

Rieter in sole ownership

After the boom of the preceding years, a calculation of the company's value was long overdue, together with – after a number of changes in personnel – a reorganization of partnership interests. Heinrich Rieter took advantage of the crisis in the early eighteen-forties to deal with both these matters. First the parent company was liquidated, then the family of his late partner Hans Ulrich Graf withdrew from the business, and Rieter took over the St. Gall mills, which were subsequently managed by the son of the same name of his former partner Graf. Through further debt repayments Heinrich Rieter became sole owner of the company.

The good years following the crisis resulted in new buildings and extensions, both in Niedertöss and in St. Gall. A modern coarse count spinning mill with 2040 spindles was set up in the buildings of the Töss convent acquired in 1833, which initially had

only accommodated stores and a workshop for plastering work on carding cylinders. The first steam engine was installed and a boilerhouse built in 1845.

The growth of the spinning operations was accompanied by continuous expansion of the engineering workshops. Although certain parts were still obtained from elsewhere, entire machines were increasingly being produced in the company's own forge. Which way the scales would tilt between spinning operations and engineering workshops could not be predicted as long as Heinrich Rieter was alive. But before a decision could be made, another setback brought the entire company to the brink of collapse.

The crisis of 1847

This crisis was related to the political events of the years 1847 and 1848, the confusion of the Separatist League in Switzerland and the revolutionary events first in France, and then in numerous other countries. The break in economic relations with Vienna, Budapest, Baden and Berlin was an especially severe blow to the Rieter company, since it had turned its attention increasingly to foreign business, not least due to the confusion in Switzerland. In April 1848 Rieter, now insolvent, had to apply to his creditors for a respite in payments. Operations in Niedertöss, the Töss convent, St. Georgen and Buchenthal had to be severely curtailed. The worst was averted by disposals and thanks to the understanding attitude of his creditors, and the situation already started to improve in May 1849. In the following year substantial orders were received for spinning machines, which signified the start of a new boom in both spinning and machinery operations.

In March 1851, Heinrich Rieter became ill during a business trip in Aar-

gau, and initially stayed with his married daughter in Windisch. When he appeared to have made a good recovery, he returned home. During a holiday stay in Gais (Canton Appenzell-Ausserrhoden) he died completely unexpectedly of paralysis of the lungs at the age of 63 on August 1st, 1851.

While Johann Jacob Rieter had laid a secure foundation for the company's future with daring commercial transactions and investments in mechanical spinning mills, his son and successor expanded the Niedertöss spinning mill into an efficient specialist company for fine yarns and thus created the basis for the mechanical engineering workshops which subsequently developed into a major machine works. The second chapter of the company's history closed with the death of Heinrich Rieter Sr.

His younger son Heinrich (1814–1889) followed in his footsteps a versatile, restlessly active personality, a business pioneer who opened a new epoch in the company's history when he succeeded his father, and who was also to put his stamp on the industrial development of the city of Winterthur in a manner matched by few others.

After attending the local schools, the young Heinrich had gone to Lausanne at the age of sixteen in order to learn French. After this brief stay in French-speaking Switzerland, Heinrich Rieter served a commercial apprenticeship in St. Gall at the Bourry company. In order to broaden and deepen his specialist knowledge, he then worked first in the French port of Le Havre and then at Ed. Gaddum in Manchester. During these periods abroad he sought primarily to round out his knowledge of spinning.

In 1836 Heinrich Rieter was instructed to commission a spinning mill for Math. Näf in Niederuzwil and at

*Heinrich Rieter-Ziegler
(1814–1889); portrait of
the future Swiss federal
senator in his youth*

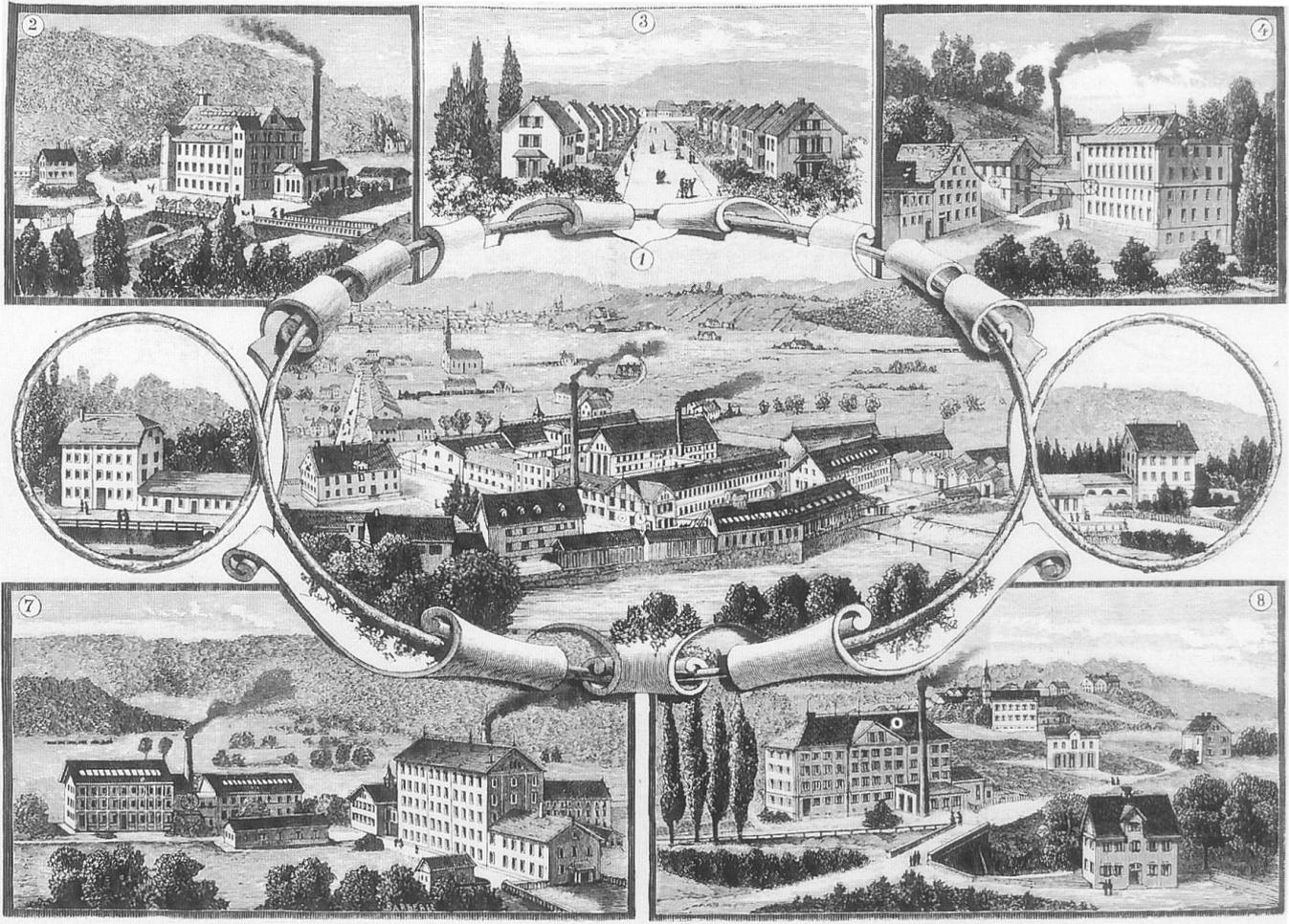


the same time to train the owner's daughters and foremen in the relevant technology. During the structural alterations in St. Georgen he had to test the new machines and was not allowed to return to Winterthur until he managed to produce good yarn, which he succeeded in doing after six months of endeavour. His father steadfastly refused to place employees from Töss at his son's disposal for this nerve-wracking work.

On military service, Heinrich Rieter served as the ordnance officer of the cavalry of Canton Zurich, but already withdrew from active service at the age of 45 in 1859 in order to devote himself to other public duties. In 1869 he was dispatched to the opening of the Suez Canal as the Swiss government's representative. He was also Secretary General of the World's Fairs in Vienna in 1873 and Philadelphia in 1876. Closer to home he served as

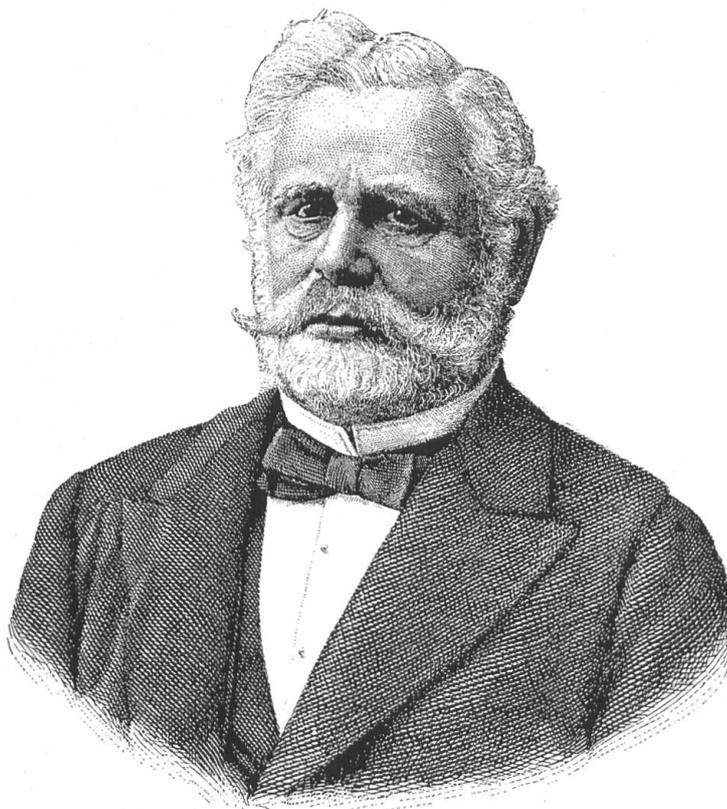
Winterthur school inspector, member of the industrial museum commission and cantonal councillor.

A new chapter of public service began for Rieter with his election to the upper house of the Swiss Federal Parliament in 1878. Here he held the difficult and responsible office of chairman of the senate customs tariff commission. In the same year the federal government entrusted him with negotiating a commercial treaty with Italy. His many and varied duties also included being chairman of the board of the Gotthard Railway from 1882.



Rieter production sites in the exhibition newspaper for the 1883 Swiss National Exhibition. In the centre the machine works, and above it the workers' housing estate built by Rieter in Töss

The Rieter spinning mills in the new Federal State (1850–1914)



*Heinrich Rieter-Ziegler
(1814–1889), colonel
and federal senator*

The era of Heinrich Rieter, colonel and federal senator

With the lifting of numerous restrictions in the new federal state which had hitherto inhibited commerce and transport in Switzerland, and under the favourable influence of free trade, industry developed with undreamt-of rapidity. Between 1844 and 1872 the number of spindles operating in Swiss spinning mills increased from 662 000 to more than 2 000 000. Yarn production in Rieter's plants grew steadily, with peaks in the years 1864 to 1866, 1873 and 1885. Sea Island cotton was the main material processed; this was delivered to Winterthur from Liverpool via Rotterdam or Le Havre. Rieter purchased Egyptian Mako cotton direct in Alexandria or through middlemen in Trieste or Marseilles.

One problem already caused Rieter trouble in those days. On the one hand the quality of the spun yarns from Niedertöss was improving constantly, which promoted their sales and made them increasingly competitive with English yarns. On the other hand the machines manufactured in Switzerland were remarkable for their outstanding quality. This meant that the customers equipped with them near and far became increasingly keen competitors of spinning and weaving mills in Switzerland. Rieter continued to dominate the markets with his fine spinning mill, of course. The new proprietor, Heinrich Rieter – known as 'the Younger' – also strove continuously to adapt his operations to the latest technical advances. When the engineering workshops were transfer-



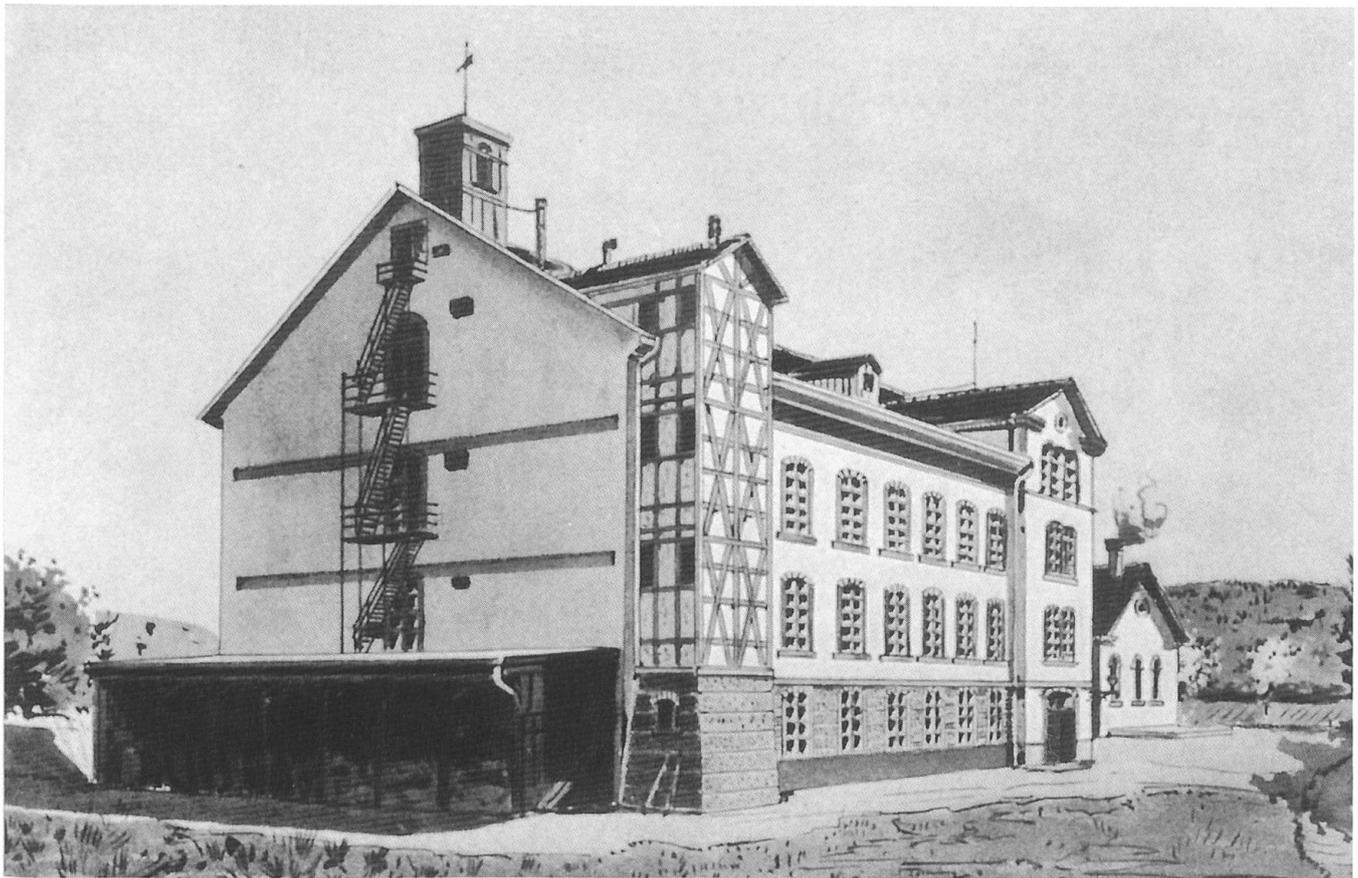
red to the former Töss convent in 1854, the installations in Niedertöss were expanded further. The coarse count spinning mill originally based at the convent was also relocated there. The development of the business was, of course, adversely affected by the various European conflicts, such as the Austro-Sardinian War of 1859 and the Franco-German War of 1870/71, as well as the American War of Secession (1861–1865), which shook the entire cotton industry to its foundations for some time. At that time Rieter had some 400 employees, 240 of them in Niedertöss, 90 in Buchenthal and 70 in St. Georgen.

In addition to owning these plants, Rieter also had an interest and capital invested in numerous other spinning mills in Switzerland. Among the more important of these was the Emmenhof spinning mill in Canton Solothurn, for

which the Töss workshops supplied the turbines, the transmissions, the equipment for the repair workshops and all the spinning machines. The Sulzer Brothers company supplied the steam heating and the lighting equipment. The mill commenced operations in 1863 with 7000 mule spindles. However, the company was really successful for only a few years: in particular the river Emme's lack of water power and the unfavourable location of the production facilities far from their potential customers made it prone to crises. Although it was expanded by Rieter to 30 000 spindles in the mid-nineties and technically and financially reorganized, the mill went bankrupt for the first time in 1904. It then kept its head above water with difficulty for some time, until the facilities were sold in 1925.

Rieter also took on many problems

From a pre-1890 advertising leaflet



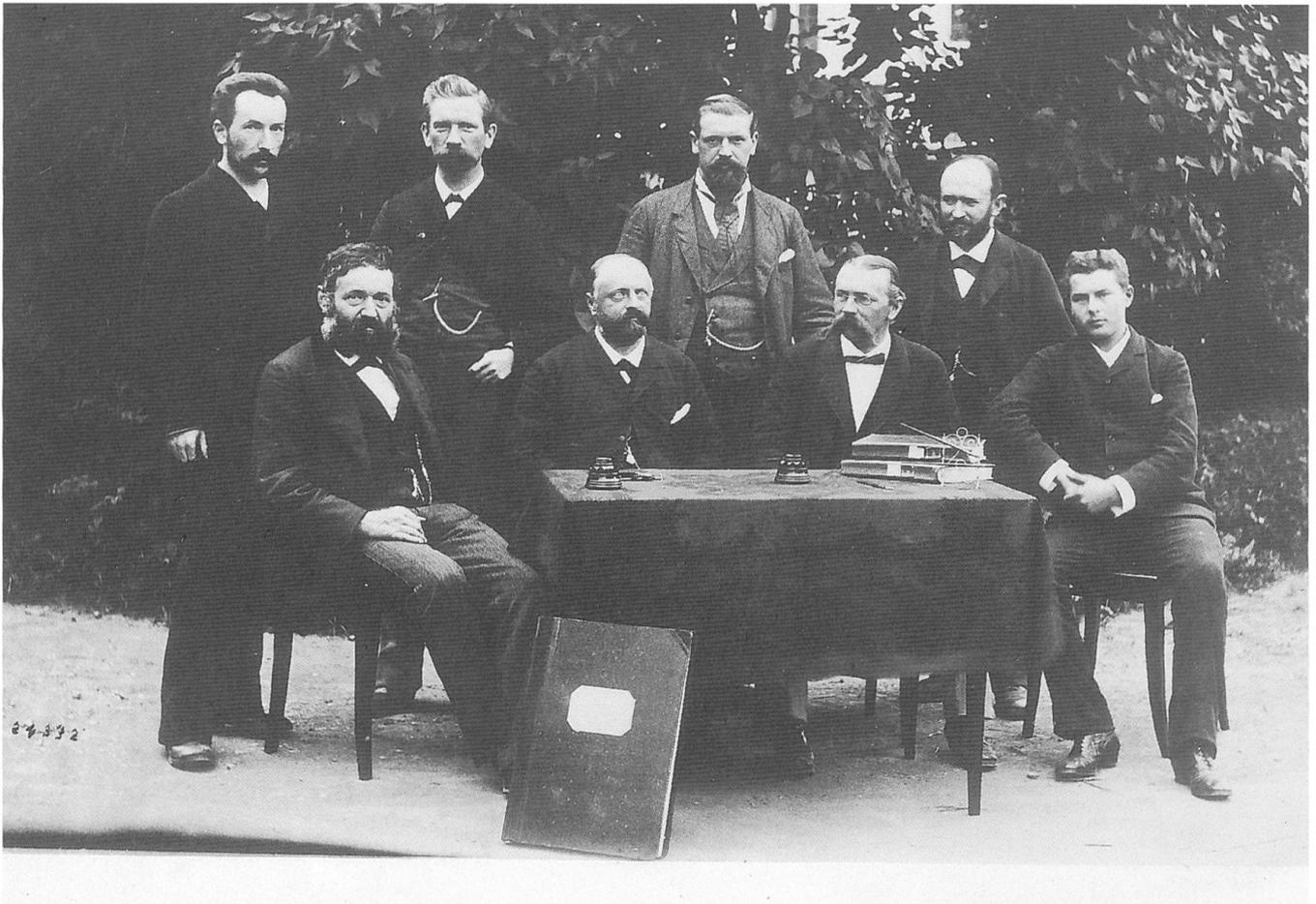
*Letten spinning mill
near Glattfelden
ca. 1880*

with the Letten spinning mill near Glattfelden, which had been founded in 1865 as Rieter, Ulrich & Cie., and utilized the water power of the river Glatt. Rieter had to write off his investment twice, in 1873 and 1885, before the company passed to Spinnerei Letten AG in 1922. However, he continued to pay most attention to his own spinning mills, which were expanded steadily, although the St. Georgen mill increasingly fell behind those at Töss and Buchenthal due to its special structure and operating power. The premises were finally sold to the Maestrani chocolate factory in 1886. As a result of this development the large companies – those of Heinrich Kunz with five mills and 92 000 spindles, the J. H. Bühler company in Winterthur with 47 000 spindles, and the Rieter spinning mills with a total of 30 000 spindles – gained steadily in importance. More and more smaller spinning mills fell victim to the unfavourable times, for example as a result

of the reintroduction of protective tariffs in Austria, Germany and France. The continued domination of overseas markets by English competitors, the rapid growth of new industries in the USA and finally the provisions of the new Swiss federal factory law, with a working day of only eleven hours, also played their part in making the battle to survive more difficult.

The joint-stock company

The last twenty years of the 19th century were not an easy time for Swiss spinning mills in general. Many millowners transferred their production to neighbouring countries, mainly to northern Italy, where adequate water power, cheap labour and assured markets offered good prospects of success. Rieter had no such plans, since in his company machine manufacture had long outstripped spinning operations, and he saw the Swiss spinning mills abroad primarily as good customers for his spinning machines. His own



well-designed, high-quality machines reduced the primary cost of producing yarn. The establishment of a twisting mill in Niedertöss (1880), a reduction in the number of his fine spindles and continuous technical re-equipment of his facilities reduced the risk. He was also able to retain a basic stock of local labour by providing his workers with low-cost housing. When Heinrich Rieter died in 1889, the 'AG vormals J. J.

Rieter & Cie.' was restructured, and three of his four sons Heinrich Rieter-Fenner (1838–1901), Oskar Rieter-Dölly (1844–1913), both engineers, and Max Rieter-Elmer (-Wilson) (1848–1907), businessman, held the office of board chairman in succession.

The company traded under the name of 'Actiengesellschaft vormals Joh. Jacob Rieter & Cie.' from De-

J.J. Rieter & Cie. «management and head office staff» on a photograph dated 1886. Seated behind the table are Heinrich Rieter-Fenner (left) and Oskar Rieter-Dölly (right)

Letterhead of the new joint stock company





Heinrich Rieter-Fenner (1838–1901)

ember 1891. According to the first annual report, the inventory was made up as follows:

- Obertöss engineering workshops 65.6%;
- Niedertöss and Glattfelden spinning mills 25.4%;
- Buchenthal spinning mill 9.0%.

In 1922 the little word ‘vormals’ (formerly) was deleted from the company name, and with the capital increase of 1960 the company’s name was changed to ‘Maschinenfabrik Rieter AG’.

With the retirement of the fourth generation, Benno Rieter (1870–1925) became the last holder of the Rieter name and the only member of the fifth generation to head the company. After studying in Dresden and England and gathering practical experience in Milan, the elder son of Oskar Rieter-



Oskar Rieter-Dölly (1844–1913)



Max Rieter-Elmer (-Wilson) (1848–1907)



Benno Rieter (1870–1925), the last representative of the Rieter family in the company

Dölly became executive vice president in 1899, a member of the board in 1901, and vice chairman in 1904. He presided over the board as chairman from 1918 to 1925.

Separation of the spinning mills

While textile operations developed favourably at the beginning of the 20th century, sales of spinning machinery encountered increasing difficulties. This discrepancy was the reason for separating the two distinct manufacturing sectors and thoroughly reorganizing the engineering workshops in Obertöss. A well-conceived restructuring plan came into effect in December 1914. First of all, this entailed taking all the premises which were not directly involved in factory operations and transferring them to the newly formed Töss Real Estate Company. This was liquidated in 1944 after all debts had been settled. The highly profitable spinning mills became an independent entity with the name of ‘Spinnerei und Zwirnerei Niedertöss AG’ under the

management of W. Merz-Rieter (who died in 1917), son-in-law of Max Rieter-Wilson. Benno Rieter died in July 1925 without any issue, whereupon the Rieter family finally lost its direct influence on the company.



Oskar Rieter-Dölly (seated) and Benno Rieter (standing) ca. 1890

Corporate management in the 20th century

We shall now turn our attention to the new ‘Actiengesellschaft Johann Jacob Rieter & Cie.’, whose origins stretch back to the early eighteenth century.

The transition from a craft-based company to an aspiring industrial

Members of the Board of Directors

from the formation of «Actiengesellschaft vormals Joh. Jacob Rieter & Cie.» in 1891 up to the present-day Rieter Holding Ltd.

	Member	Chairman
Heinrich Rieter-Fenner	1891–1901	1891–1901
Oskar Rieter-Dölly	1891–1904	1901–1904
Max Rieter-Elmer (Wilson)	1891–1907	1904–1907
Benno Rieter	1901–1925	1913–1925
Johann Jakob Freimann	1904–1913	
Heinrich Sulzer-Rieter	1907–1913	1907–1913
Walter Merz-Rieter	1907–1917	
Dr. Robert Corti	1911–1955	1925–1955
Carl Bühler	1913–1961	1955–1961
Emil Bachmann	1914–1918	
Albert Sulzer	1914–1936	
Fritz Sulzer	1914–1921	
Jakob Heusser-Staub	1918–1939	
Ernesto Honegger	1920–1922	
Henri Daniel Gross	1925–1947	
Dr. Oskar Halter	1936–1939	
Emil Baumann	1940–1955	
Max Spoerry	1940–1967	
Emil Winkler	1946–1957	
Dr. Max Ziegler	1946–1970	
Heinrich Steiner	1948–1954	
Dr. Kurt Hess	1955–1982	1961–1982
Dr. Fritz Gubler	1955–1965	
Hans C. Bechtler	1955–1976	
Jakob Schärer	1959–1976	
Dr. Alfred Schaefer	1962–1977	
Dr. Hans U. Bühler	1967–1986	
Dr. Heinz Kundert	1967–1994	1982–1994
Dr. Hans Schaffner	1970–1981	
Dr. Andreas H. Bechtler	1976–1987	
Peter Dätwyler	1976–1993	
Dr. Robert Holzach	1977–1991	
Nicolas Henggeler	1981–1994	
Hans Rüegg	1982–1989	
Bruno Boller	1986–1994	
Rudolf Hauser	since 1987	
Dr. Konrad Eckert	since 1988	
Dr. Peter Spälti	since 1991	
Dr. h.c. Heinrich Steinmann	since 1991	since 1994
Dr. Ulrich Dätwyler	since 1994	
Kurt E. Feller	since 1994 as Managing Director	
Dr. René K. Ruepp	since 1994	

group began for Rieter after the turn of the century. In 1912, Winterthur lawyer Dr. Robert Corti joined the Rieter board, of which he was chairman from 1925 to 1955. During his 30-year chairmanship he purposefully pressed ahead with the modernization and focusing of the group on new structures in close cooperation with executive management. The lessons of the Corti era were followed up by his successor, banker Carl Bühler, who brought decades of experience on the Rieter board to his period of chairmanship from 1955 to 1961. Both these men had effective contact with operations through the chief executives and directors Heinrich Steiner and Dr. h.c. Kurt Hess. On the unexpectedly early death of Heinrich Steiner in 1954, Kurt Hess moved from his position as plant manager to that of chief executive and director in 1955; he was chairman of the board from 1961 to 1982. During this period he was also successful in organizing the transition to the next generation of management and his own succession. In this phase Fritz Preysch Sr., Dr. Oskar Denzler and Max R. Epprecht assumed the responsibilities of chief executive as *primus inter pares*.

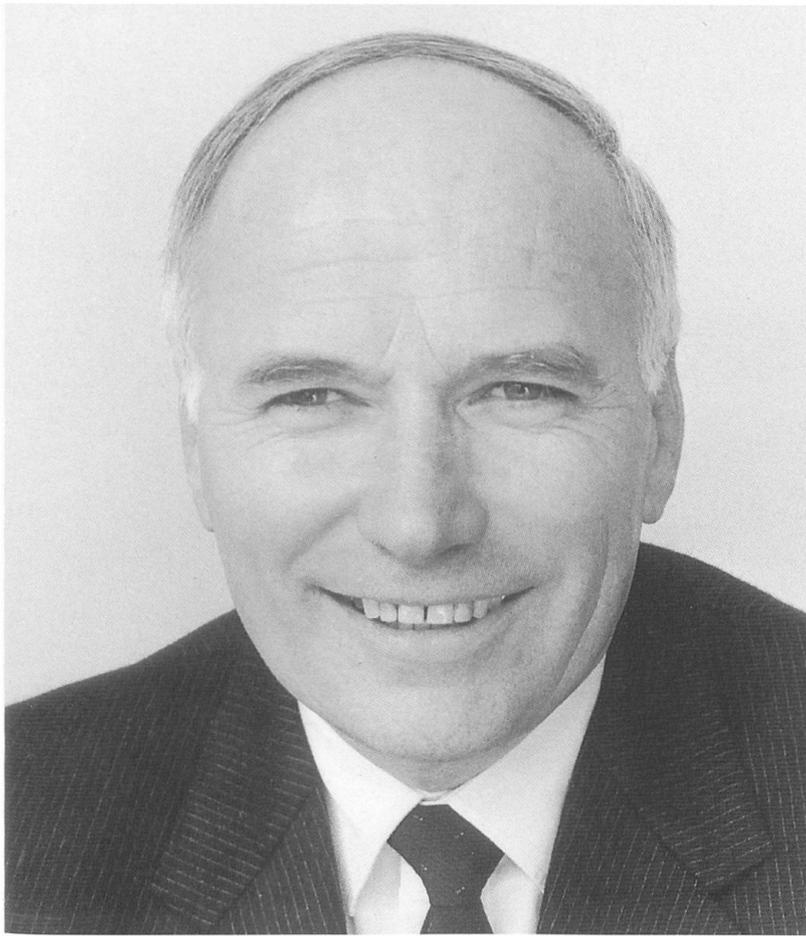
Nicolas Henggeler was appointed chief executive and a member of the board in 1981. He also served on this body as managing director until 1989. Dr. Heinz Kundert, lawyer and experienced Rieter director, became chairman of the board in 1982. In regular, active contact, Dr. Heinz Kundert and Nicolas Henggeler pressed on with the development of the group and holding structures and the transition from a monoculture to a diversified group in close partnership with their colleagues. Under the chairmanship of Dr. Heinz Kundert, Nicolas Henggeler handed over the office of chief executive in 1989 to Kurt E. Feller, who took on this assignment with long personal



Dr. Kurt Hess (1910–1985), member of the board of directors from 1955 to 1982 and its chairman from 1961 to 1982



Nicolas Henggeler (1923), member of the board of directors from 1981 to 1994

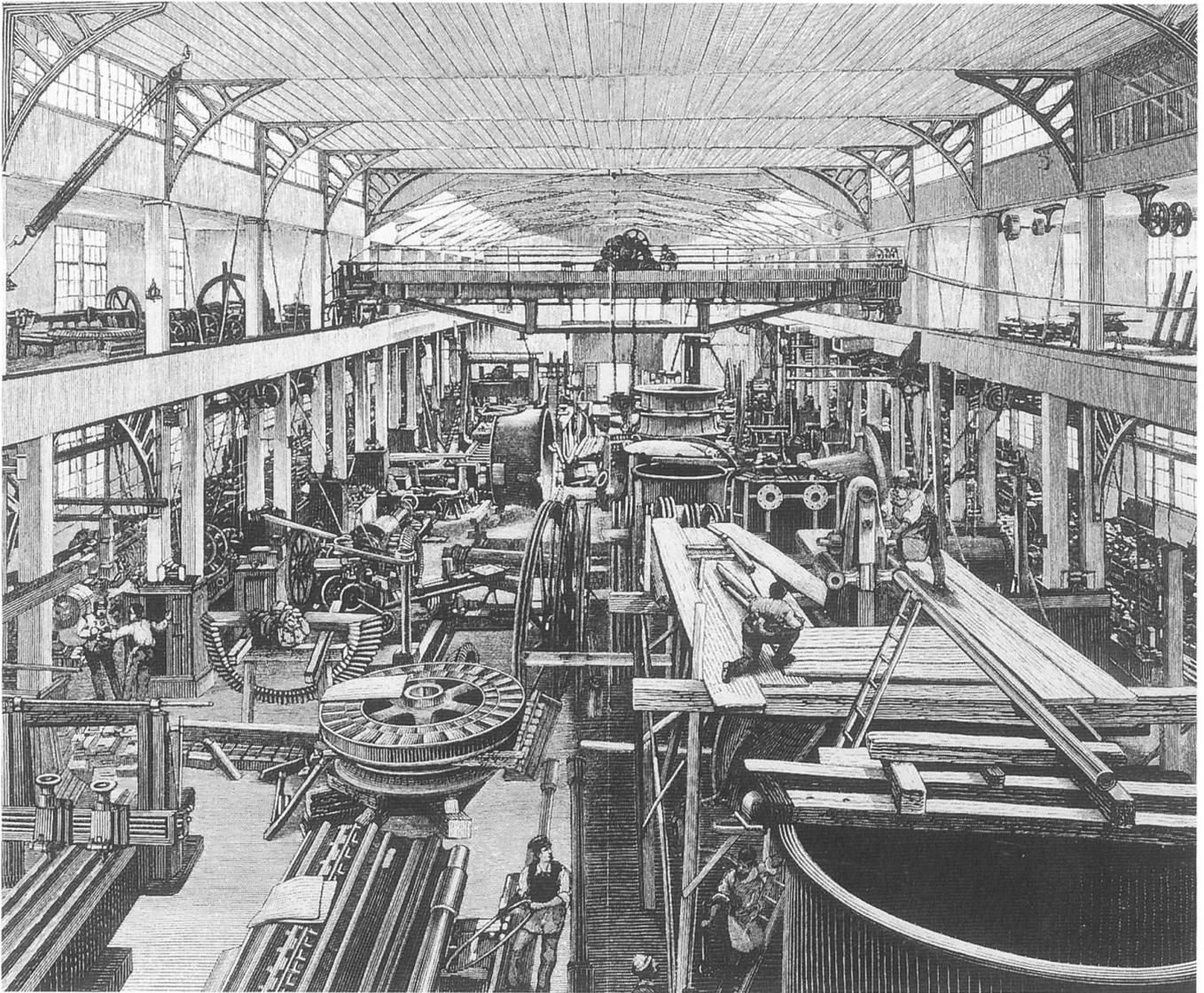


experience of Rieter. The cooperation between chairman Dr. Heinz Kundert and group chief executive Kurt Feller was therefore continued. In the spring of 1994, Dr. Kundert handed over overall management of the harmonized Rieter Group and the board chairmanship to Dr. h. c. Heinrich Steinmann.

*Kurt E. Feller (1937),
Managing Director
since 1994*



*Dr. Heinz Kundert (left)
and Dr. h.c. Heinrich
Steinmann, his succes-
sor as chairman of the
board, during the 1994
annual general meeting
of Rieter Holding Ltd.*



Assembly shop in the machine works ca. 1880

The machine works

The early years

Switzerland was primarily a textile industry nation for over a hundred years. As can clearly be seen from the evolution of the Rieter company, a thriving industrial sector which created the best of conditions for the powerfully evolving process of industrialization had developed from trading with yarns and fabrics and selling the textile products produced in cottage industries. Mills mushroomed wherever machinery could be driven by water power, some 800 in Canton Zurich alone. Between 1802 and 1817 these deprived some 34 000 families of spinners of their home-based work – one of the most radical instances of mill industrialization anywhere in the world. The textile industry remained Switzerland's leading industrial sector until World War I.

The evolution of machine manufacture from textile processing which was decisive for Switzerland's industrial history is also illustrated by the example of Rieter. What had started with the repair of machines and the production of spare parts for equipment imported from abroad, and continued with in-house manufacture, led directly to the development of the mechanical engineering and metalworking industry and its growth into the largest sector of the Swiss economy. Swiss milling systems, steam engines, turbines, foundry products, electrical engineering, diesel engines, locomotives and textile machines won substantial shares of the world market within the space of half a century.

Just as entire spinning machines emerged from the repair shop for the first time at the Escher Wyss & Cie. spinning mill in Zurich, this initially secondary area of operations was also the starting point for in-house machine manufacture at Rieter in Winterthur. The 13 engineering workshops and foundries in the Zurich register of commercial companies were recorded under cotton companies until 1842, before mechanical engineering was classified as an independent industrial sector from mid-century onwards, and now far outweighs textiles in importance.

External circumstances made a decisive contribution to this development, not least the English ban on exports of textile machinery already referred to earlier. Tradition has it that the urgent need to re-equip the Buchenthal spinning mill with new machinery in 1821 gave rise to the manufacture of entire spinning machines. Towards the end of the decade it was then an order from Austria which forced Rieter to continue production almost against his will. At the request of the owners he fully equipped mill premises designed according to his own plans with machines of his own manufacture at Getzner & Cie. in Nenzing (Vorarlberg). Millwright Wimmersperger from Wülflingen had built the waterwheel, the sluice system and the transmission for this mill.

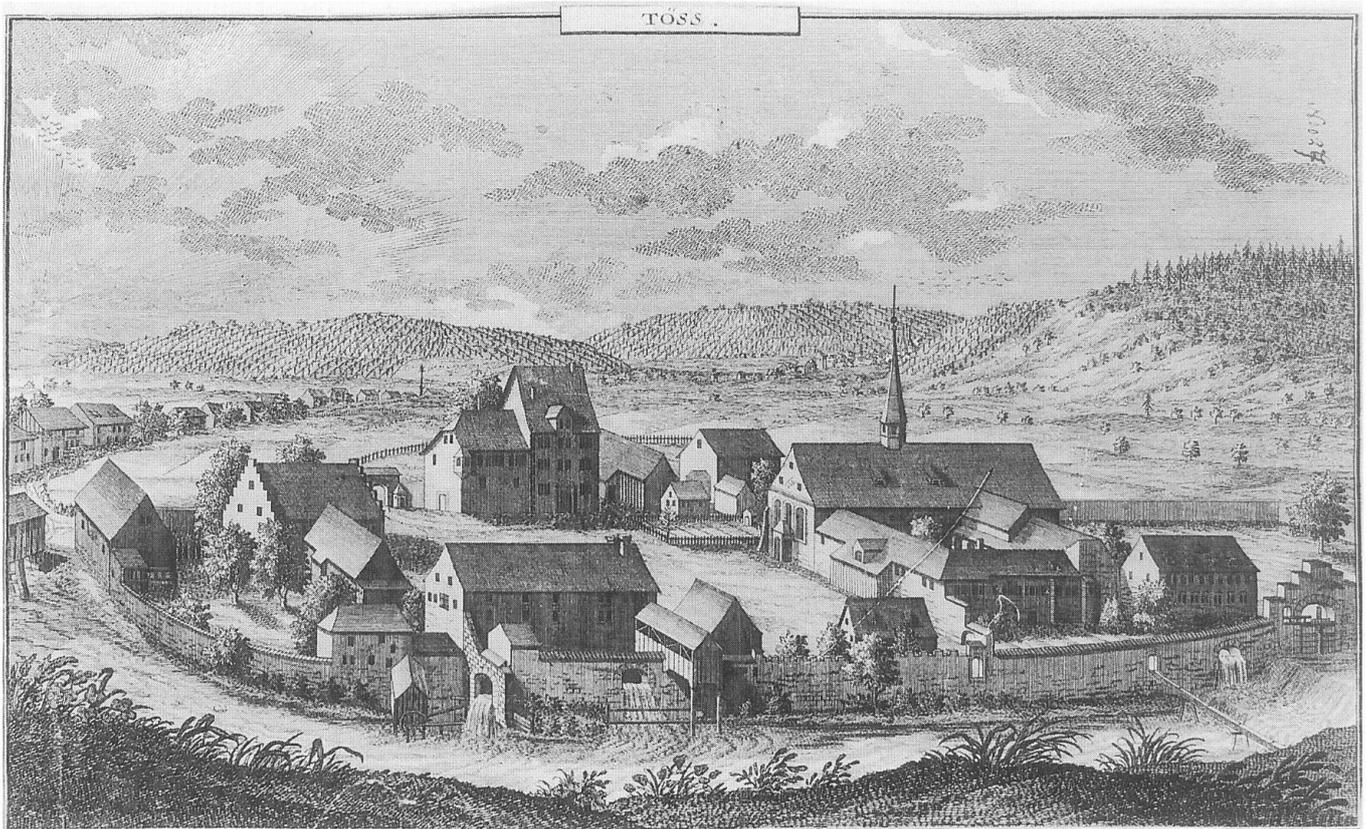
Further orders, mainly from Austria, which became the Rieter factory's main market, were the consequence of this initial delivery to an outside com-

pany. However, new installations were also delivered to Turbenthal/Hutzikon, Niederuzwil, Rorbas and Singen (Germany). In order to offset any slow-down in sales of spinning machines and keep the workshops employed nevertheless, Rieter turned to general engineering between 1834 and 1846, for example building transmissions, steam engines and machine tools. During those years the steel industry became more widespread in eastern Switzerland in general. For example, in 1834 the brass foundry at Holderplatz in Winterthur became the foundry of the Sulzer Brothers company at the Untertor. Business thrived especially after three young members of the Rieter family joined the company in 1835: the two Rieter sons Jakob Melchior – who did not stay long and later became a music publisher – and Heinrich – later colonel and Swiss federal senator – and son-in-law and engineer David Heinrich Ziegler.

The Töss convent

The purchase of the premises of the Töss convent by the Rieter company in the eighteen-thirties, already referred to earlier, proved to be a major milestone in the history of the company. The buildings of the Dominican convent, consecrated in 1240 and secularized in 1525, had stood empty since 1798 after being used for centuries by the canton of Zurich as an official residence. After 1830 the radical Zurich government lost all interest in the property and put it up for auction. In August 1833 Heinrich Rieter acquired the estate, comprising mill, sawmill, grinding house, salt house, numerous barns, storehouses and stables, as well as fourteen acres (approx. five hectares) of arable land and orchards, for 76 000 guilders. Initially the rectory and the church with the cloisters were excluded, and were only acquired at a later date. Rieter acquired the official residence in 1840 for a further 4000

*The Töss convent
ca. 1741. Copperplate
engraving by David
Herrliberger*





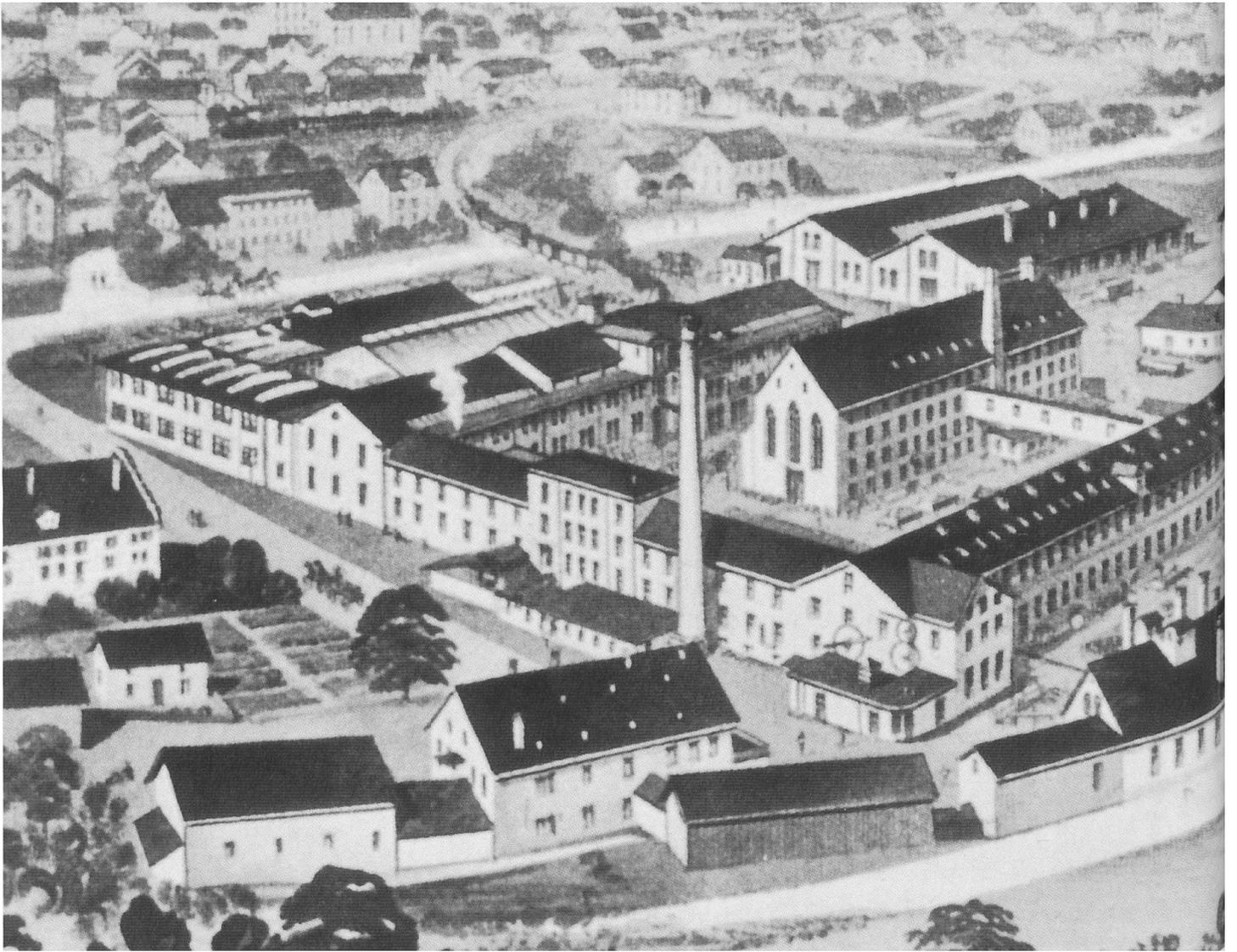
«Tössfeld Landscape», an oil painting by Julius Rieter (1830–1897) dated 1866. The former Töss convent is already being transformed into the Rieter Machine Works.

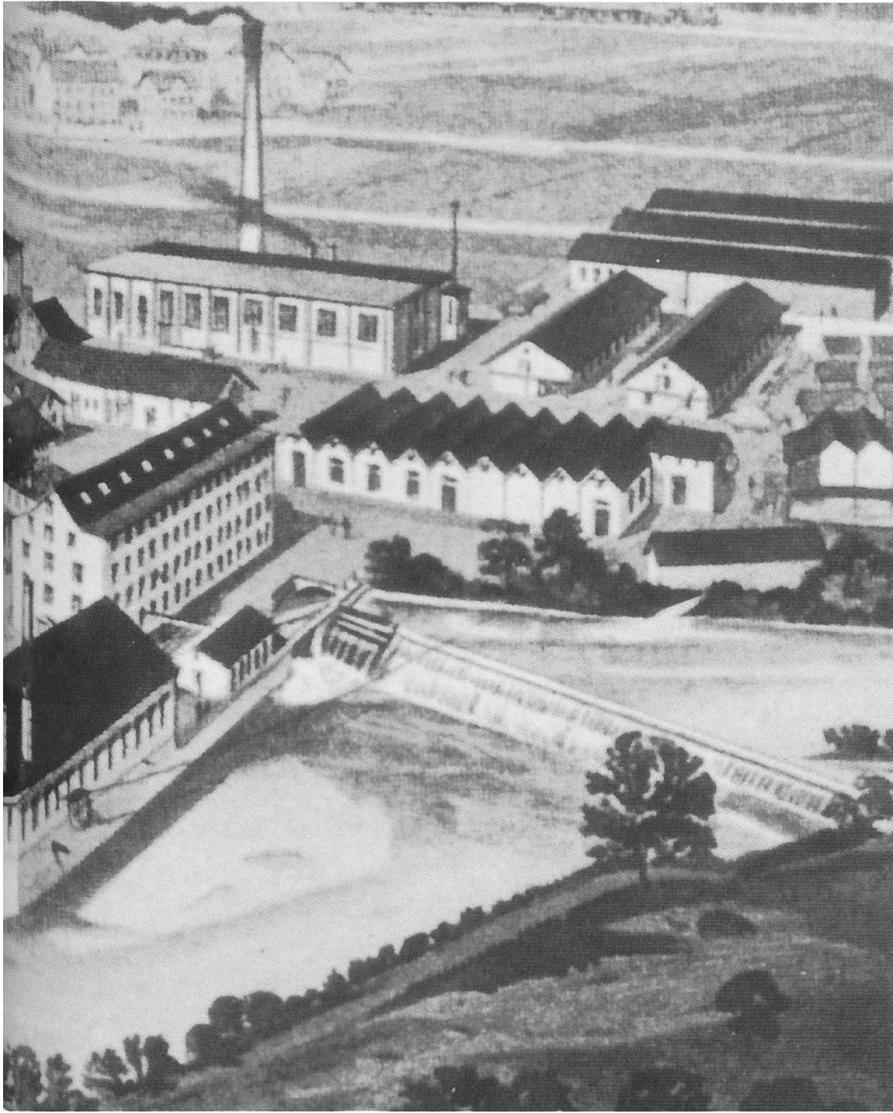
guilders. He thus had at his disposal an extensive property in which the growing machine manufacturing activities could be accommodated. There were no scruples about destroying artistic and cultural monuments in those days. In the spirit of the new age, the walls which had been alienated from their original religious vocation were to be remodelled into temples of engineering and industry.

At first little was changed: stores, a coarse count spinning mill and the repair workshops found a new home in Obertöss. This left space in Niedertöss for the thriving spinning mill, before all the workshops, which had in the meantime developed into genuine production facilities, were transferred from Niedertöss to the convent around 1854. This move reflected developments in the manufacture of metal

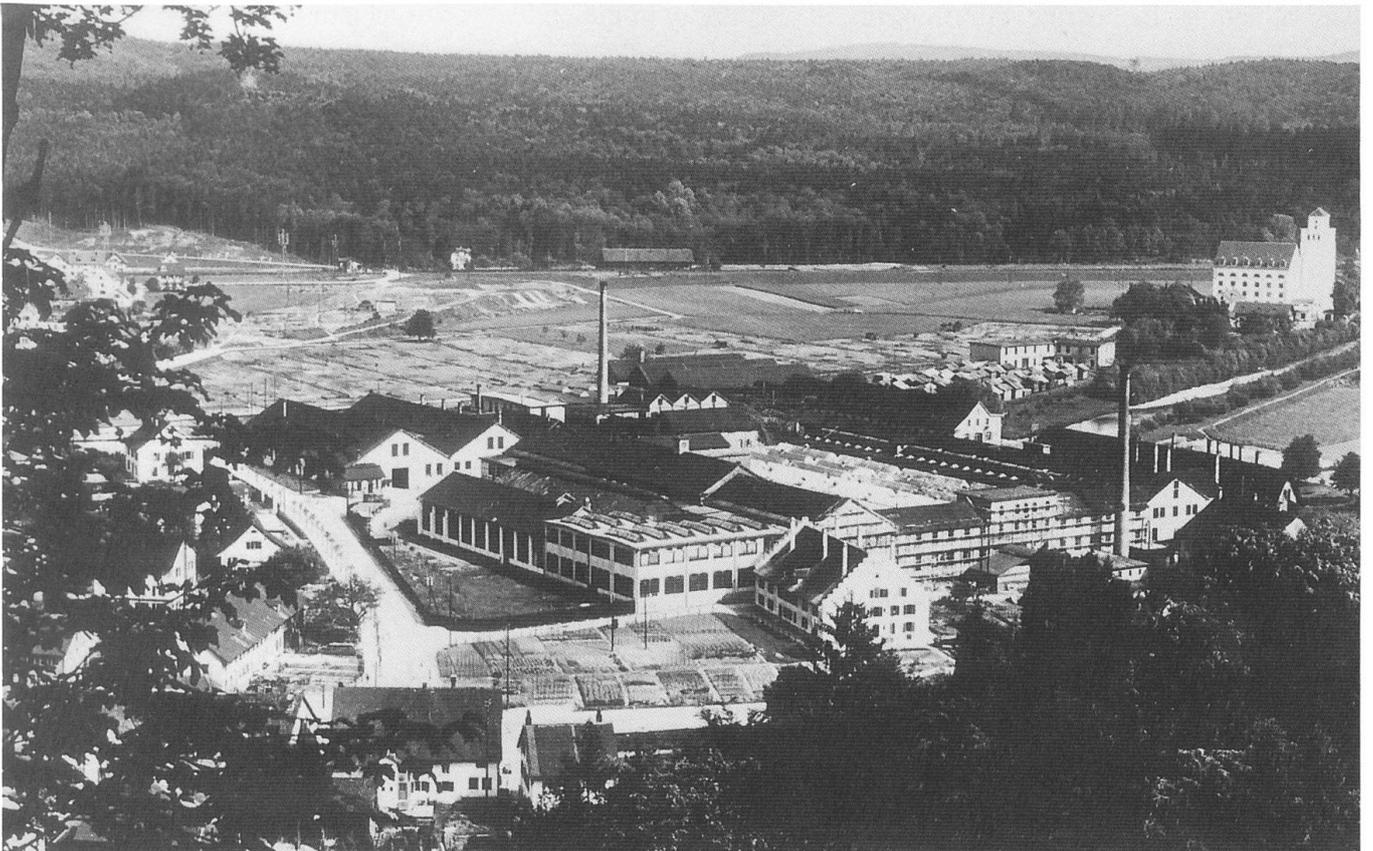
products and machines, which was irrevocably beginning to dominate the production programme.

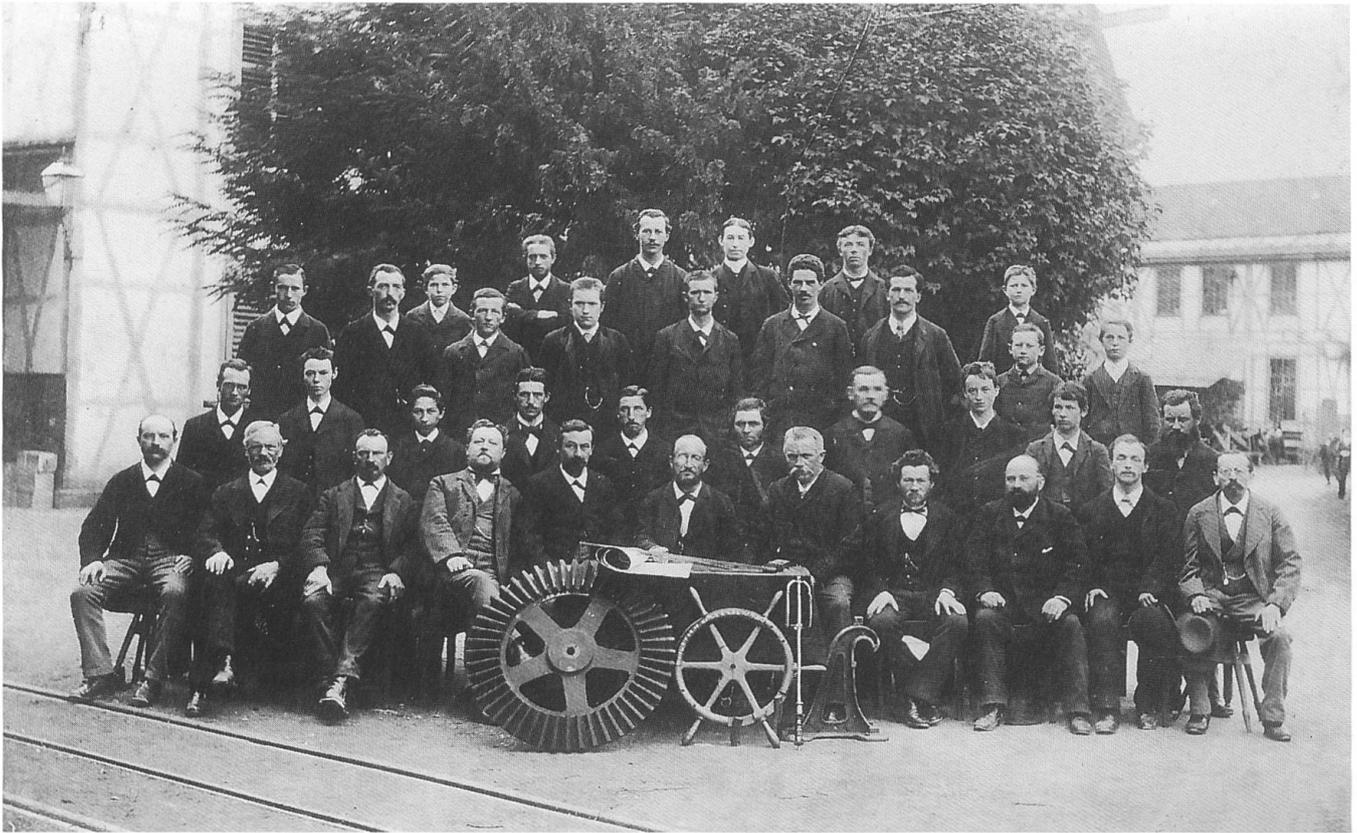
In April 1854 the convent church, the last remaining building on the site which had been secured as a precaution, passed to the Rieter company for 22 500 Francs under a contract with the Department of Finance of Canton Zurich. A new church, to the cost of which Colonel Rieter contributed 3300 Francs, was built for the Töss parish in the village itself. There were now no further obstacles to the completion of the construction projects. At the same time as the church, an imposing workshop building was first erected, soon to be followed by a building to the north at right angles to it, and in 1861 the forge along the Töss, connected to a small metal foundry. During the next major construction phase bet-





*The machine works ca. 1900 (top),
in 1903 (bottom left) and ca. 1928
(bottom right)*





ween 1867 and 1873, the turbine department was accommodated in a new shop, generally referred to as the 'mill building', with the grinding shop on the eastern section of the site. A storey was added to the office building in 1872/1873, together with other extensions. From a total of 900 in 1867, the number of employees rose to 1130 after the new buildings had been occupied in 1873; 736 of these were employed in the machine works.

In 1916, in the midst of World War I, the former convent church, which with its 4½ feet (1.4 meter) thick walls towered over the factory buildings at Obertöss like an ancient monument, was replaced by a modern, low-rise building. The size of the plant continued to grow between the wars, with numerous new and replacement buildings. At the outbreak of World War II the company had about 1000 employees in the workshops, 200 in the foundry and an equal number of clerical staff.

Expansion of production in general engineering

The expansion of spinning machine production to an actual engineering works with a broader product range came about in the eighteen-forties and fifties. Initially this expansion was rather fortuitous. The engineering activities were unaffected by the crisis which caught up Rieter's spinning mills in the years 1841/42. It was just at this time that the largest order to date was received: to equip the Trumau spinning mill near Vienna. However, Rieter spinning machines were also installed in Switzerland, for example in the mills at Hard in Wülflingen, in Schaffhausen and in Haslen, Canton Glarus. However, this almost stretched capacity to its limits; Rieter had no more than 75 employees in the general metalworking shops in Töss in 1848. Many projects therefore had to be abandoned, especially as design problems and technical difficulties also arose. Nevertheless, some tools

Employees in the «design and accounting» departments ca. 1886

and machine tools, water wheels and transmissions were delivered. The advent of the railway seemed to hold the promise of good business in the eighteen-forties, after this new means of transport had first reached Switzerland in Basle in 1844. The delivery of locomotives and rolling stock for the 'Spanisch Brötli' line did not actually materialize, and the Separatist League crisis forced Rieter to abandon further railway plans. Perhaps, however, the proprietor was not enough of an expert in the field of mechanical engineering. Furthermore, his eldest son, who had been specially trained for the technical aspects of the business, left the company. Rieter Senior's first love was still spinning and the production and sale of yarn. Added to this were probably personal disappointments, which caused him to hand on responsibility to his son Heinrich, later to become a colonel and federal member of the Swiss upper chamber.

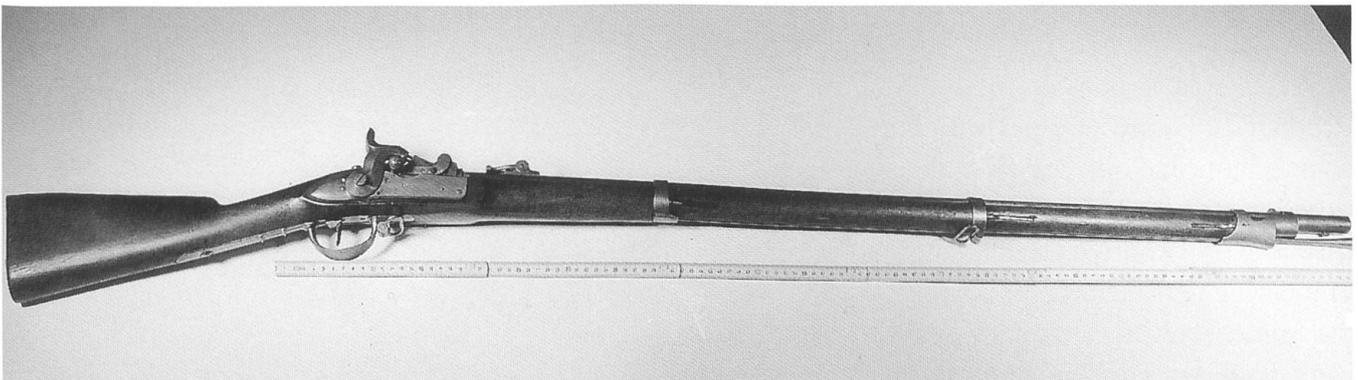
Rifles

With the new chief, the third generation of Rieters took control. Since orders for spinning machines were few and far between, an eye was kept open for new possibilities to keep the personnel in the workshops employed. One opportunity of this kind was rifle manufacture, after the Separatist League war had made a federal weapons factory necessary. Rieter subse-

quently developed various small arms, and he was already able to supply the first rifles to Canton Zurich and other cantons, and even abroad, to Württemberg, in 1848/1849. However, a firing pin rifle on the Prussian model, the 'best breechloader of its day', only found a buyer in Brazil. The firing pin rifle was not adopted by the Swiss army, and overwhelming foreign competition made the business look less than promising. Weapons and their accessories were not manufactured again until after the Franco-German War of 1870/1871, after the Swiss army command had decided to re-equip the artillery. Rieter then manufactured gun carriages and parts of the elevating gear for the 8.4 cm field-guns. However, this marked the close of the arms chapter for Rieter, since no weapons or ammunition were ever produced in significant quantities in Rieter's workshops, even during the two world wars in the twentieth century.

New orders for spinning machines from Neuthal (near Bauma) and Arlen (near Singen) heralded the end of the crisis at Rieter at the beginning of 1854. At the same time the company finally passed into the hands of the two sons Jakob Melchior and Heinrich on the death of Heinrich Rieter in 1851. A year later, company finances were reorganized: Heinrich remained owner of the company, his elder brother Jakob Melchior, who had long been

The manufacture of rifles, which was introduced in the mid-19th century, had to be discontinued after only a few years



out of the business, his uncle and a number of long-service employees became partners. With the reorganization the leading role of the machine works, which finally began with the extension of the workshops on the convent site in 1854, became increasingly obvious.

... and everything coming under the heading of heavy engineering

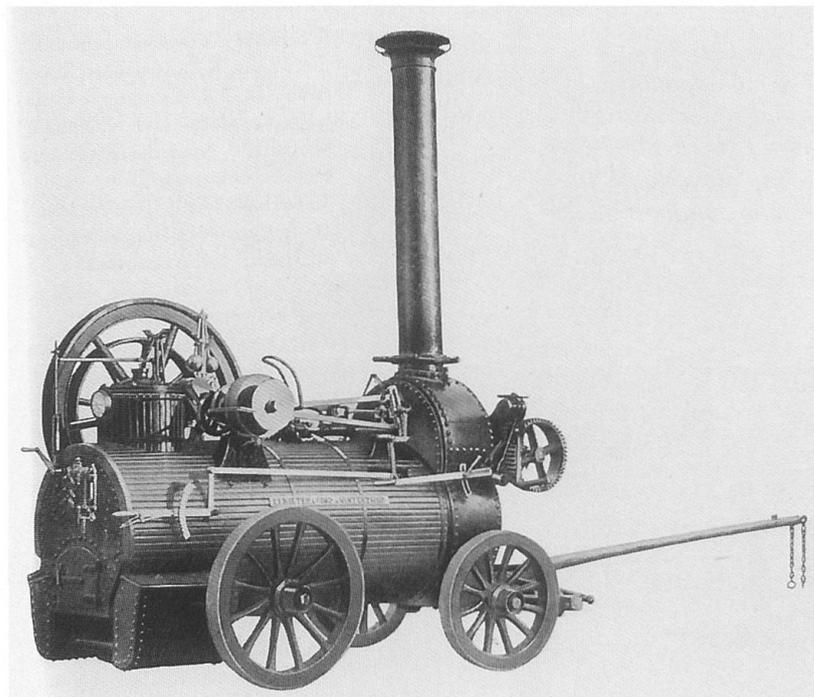
Engineer David Heinrich Ziegler (1821–1901), son-in-law of Heinrich Rieter Jr., played a decisive part in this shift of emphasis. He had gained considerable experience in various metal-working and engineering works in Switzerland and abroad in the construction of locomotives, railway rolling stock, steam engines, machine tools and hydraulic engines, which qualified him to assume management of the new department for turbines, transmissions and machine tools in the convent. To quote from a letter dated February 1854, 'We have equipped ourselves to build steam engines, water wheels, drives, etc.; in short, everything coming under the heading of heavy engineering.'

'Joh. Jac. Rieter & Co., Töss, Switzerland' also built the first passenger aerial cableway in Switzerland. Since there was no service bridge, Rieter erected this cableway – which had machine attendants on both banks to operate the transmission units – in Schaffhausen in 1866. According to available sources, this was probably the second installation of its kind in Europe.

Rieter was a pioneer in the construction of Girard turbines with horizontal shafts and outward flow, the so-called sponge jug turbines, which were successfully exported on the strength of their high efficiency, for example to the Immenstadt twine factory and Società degli Alti Forni in Terni. Further

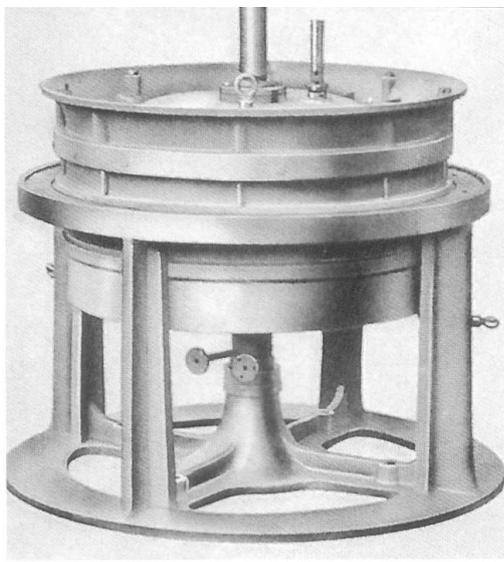


David Heinrich Ziegler (1821–1901)

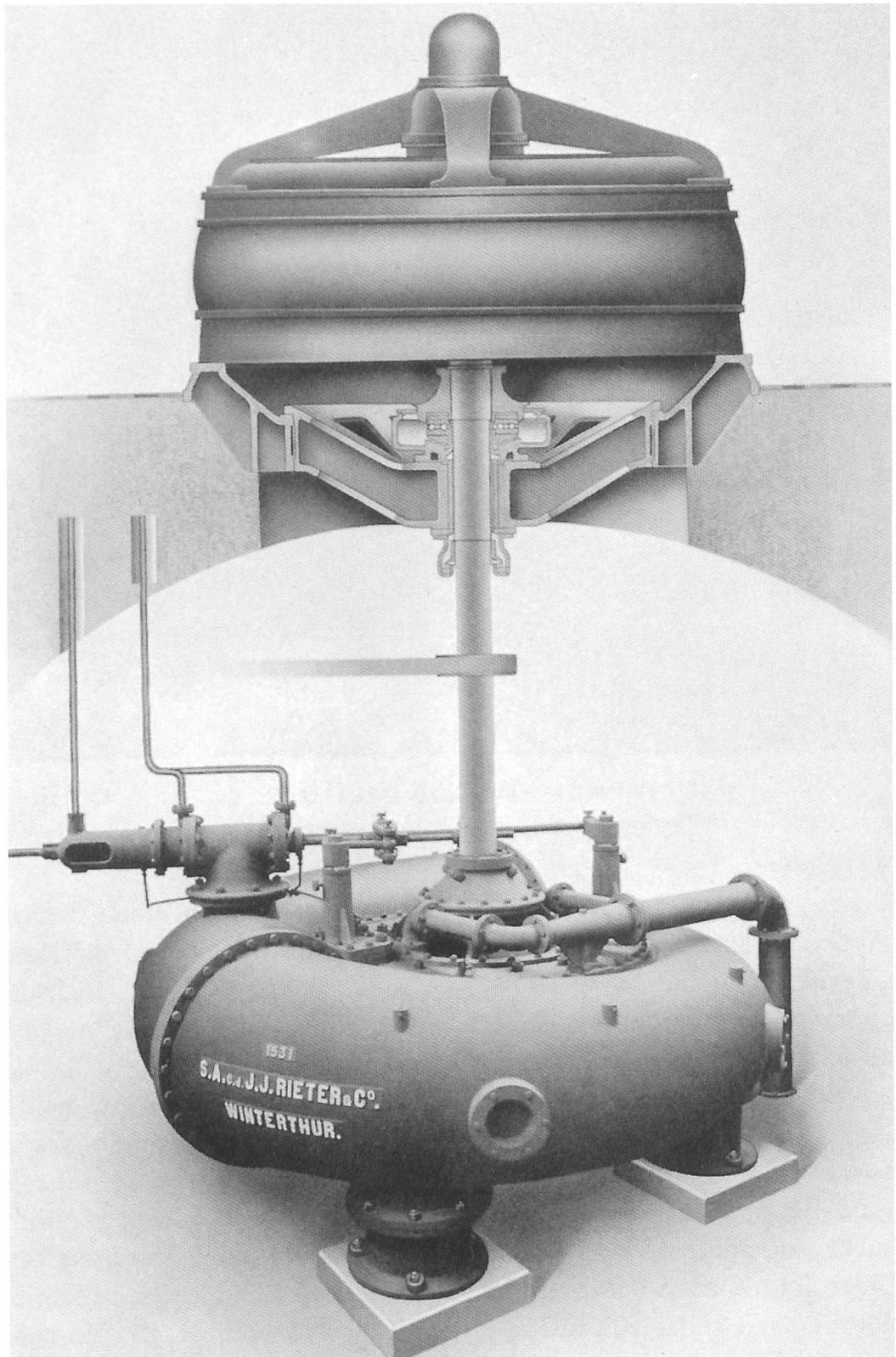


Locomobil

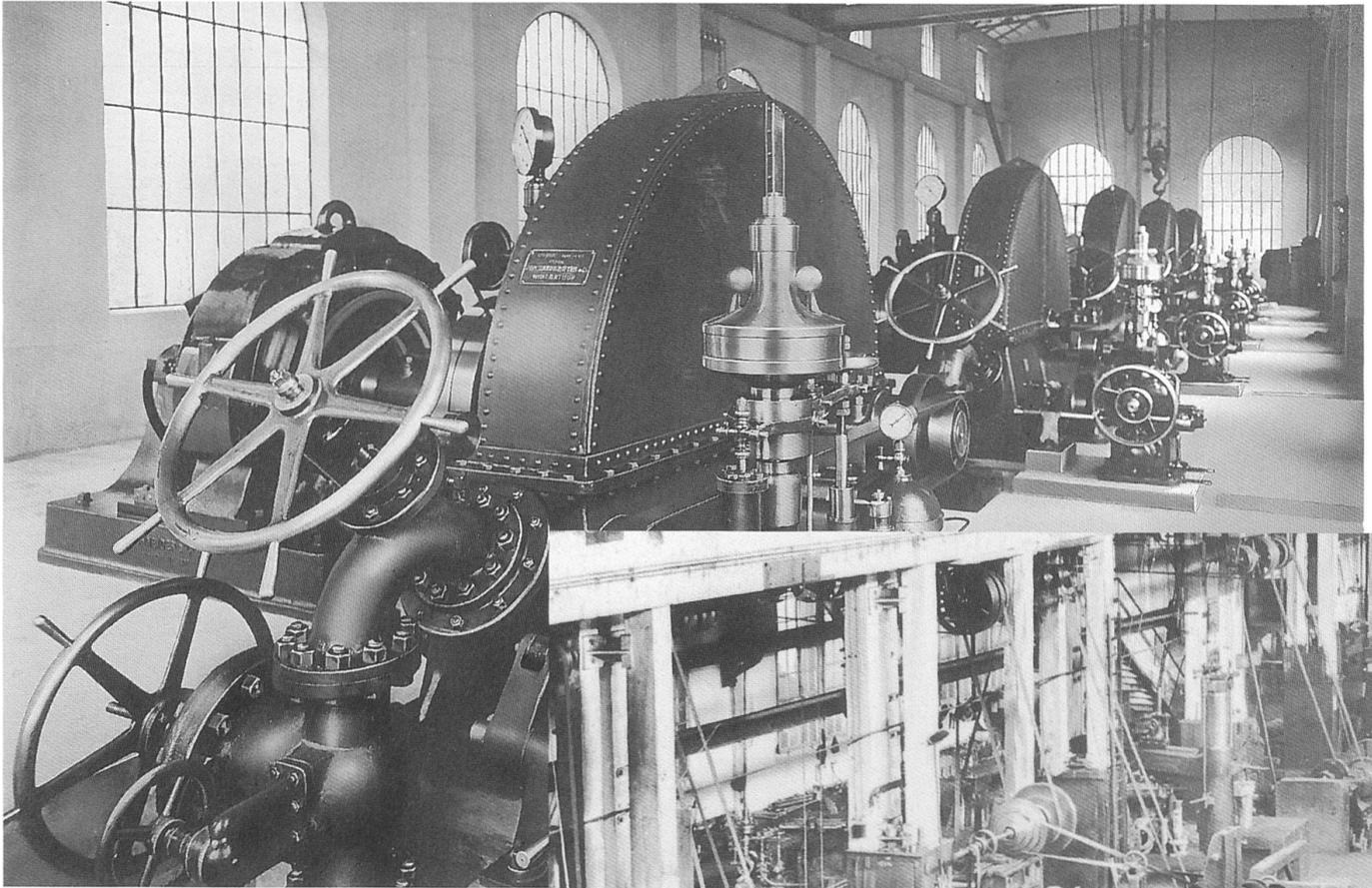
*Girard turbine of 1863,
140 h.p.*



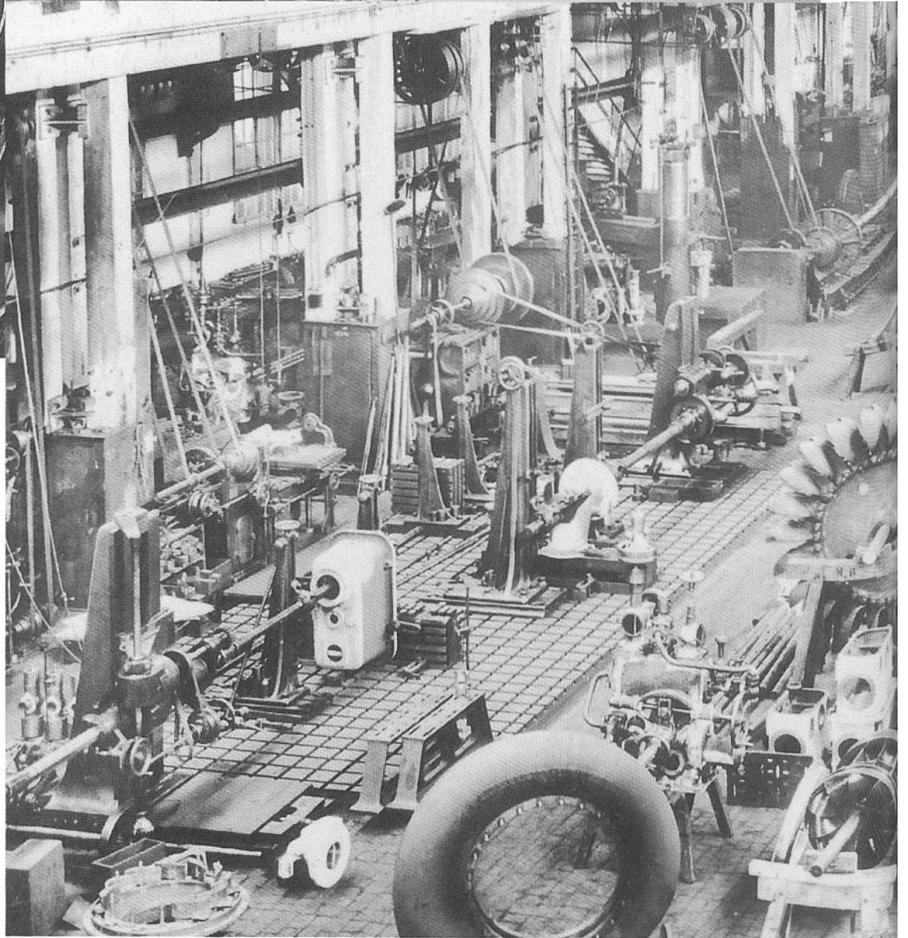
success came with the Francis turbines, especially in the last 25 years of the century. In 1896 Rieter started production of Pelton turbines, and in 1912 it set up a pilot plant for research purposes for the further development of turbines. Despite the company's notable success in turbine manufacture and its vigorous research efforts, this branch of the business was already transferred to Escher Wyss in 1915 as



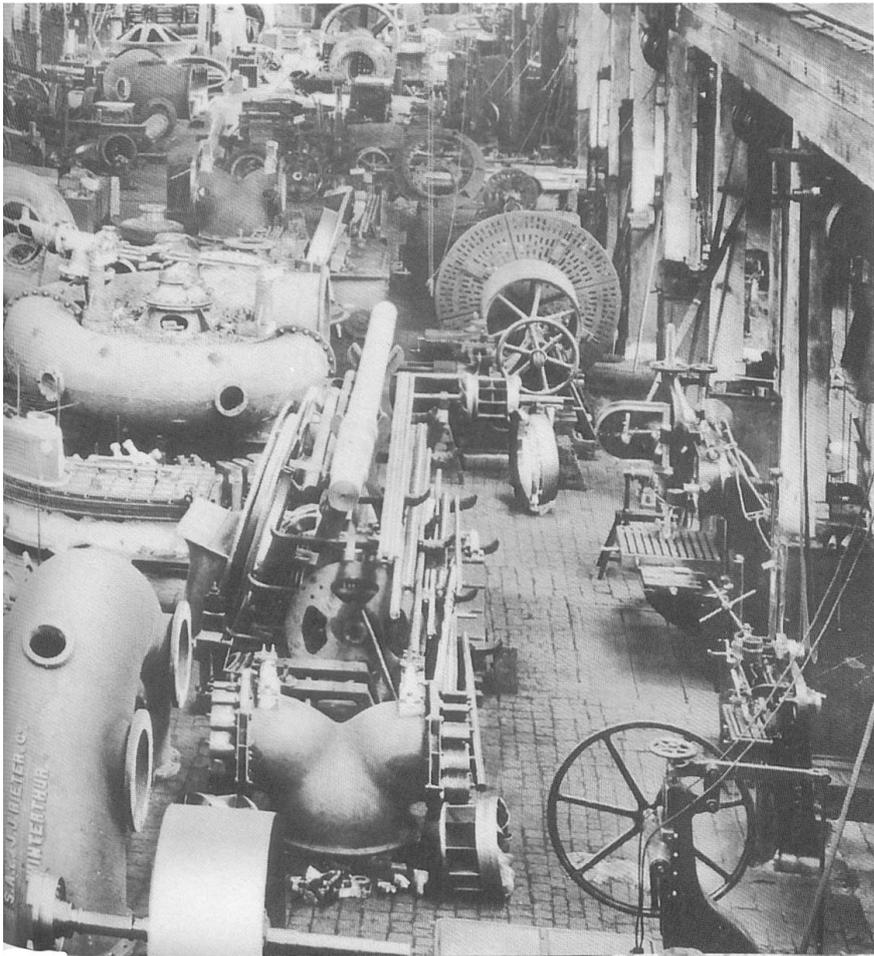
*Francis turbine of 1909;
2500 h. p. with ball-
bearing mounting for
loads of 45 tonnes*



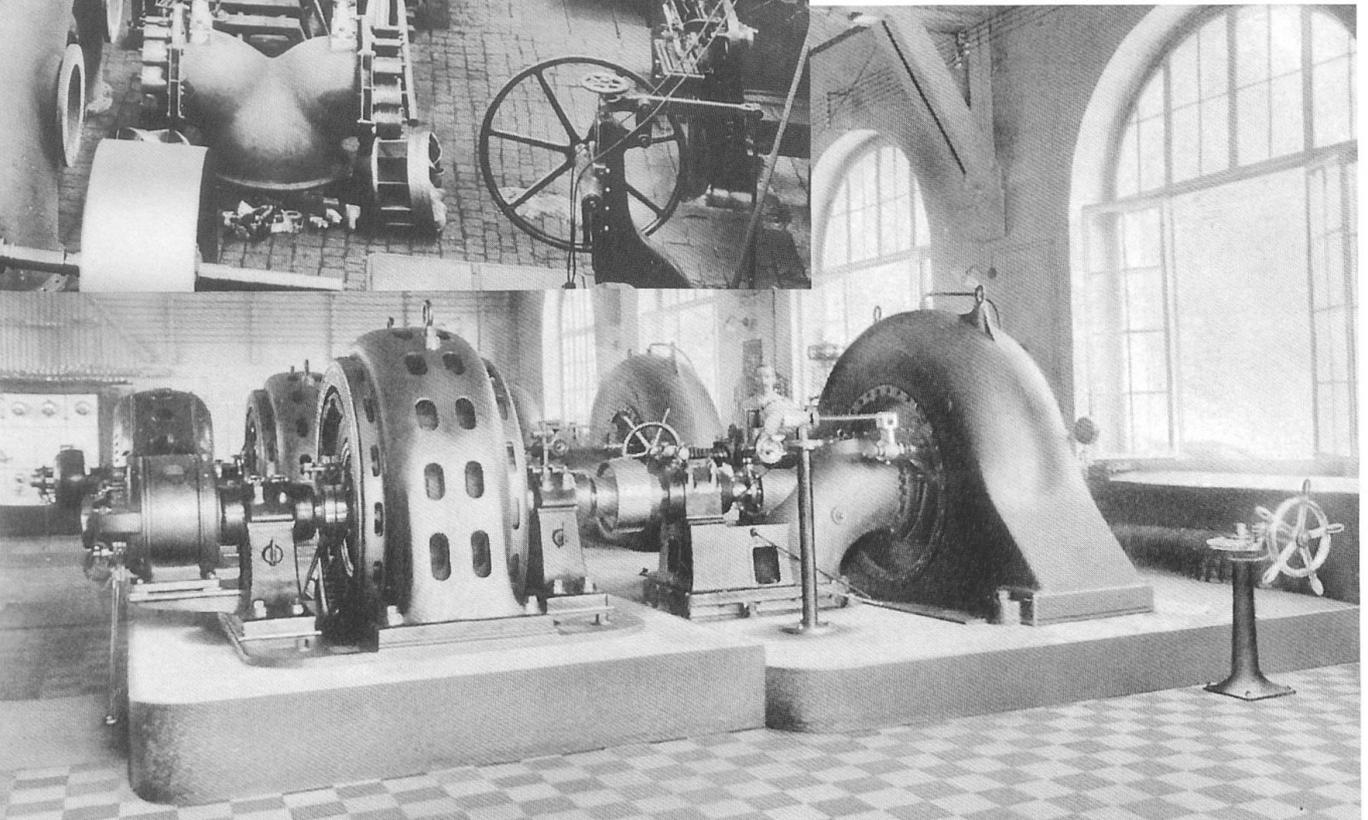
*Five Pelton turbines, each
generating an output of
2500 h.p.*



Turbine assembly shop ca. 1900



3200 h.p. turbines

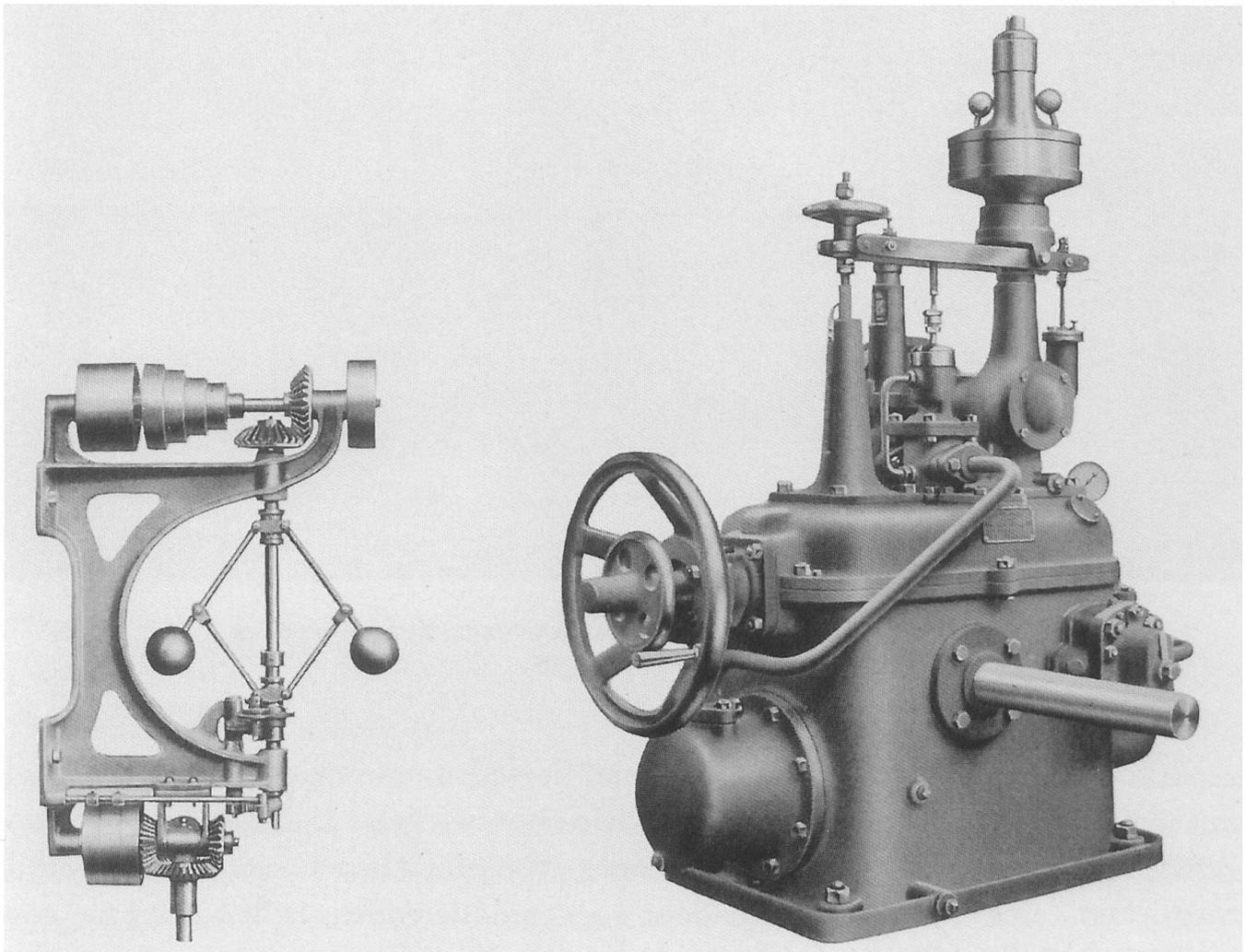


part of the process of restructuring and concentration on spinning machinery manufacture. The outbreak of war in 1914 had lent considerable urgency to this decision.

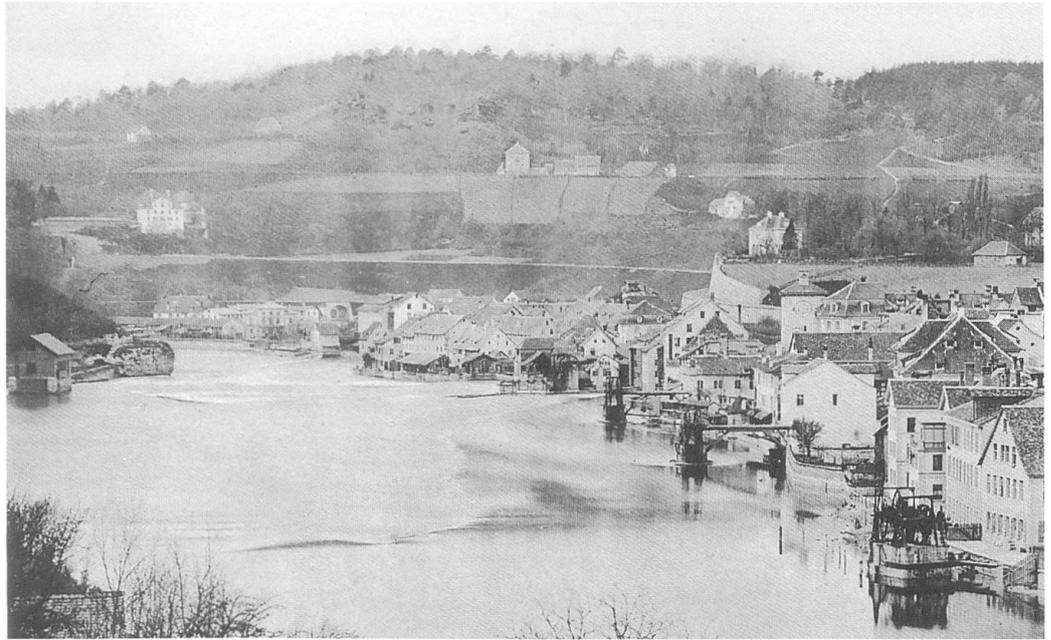
David Heinrich Ziegler's department had evidently recognized the signs of the times; the rapid advance of industrialization with its heavy demand for water power promised thriving business. Between 1877 and 1915 Rieter supplied no less than 85 turbines of various types to Sulzer Brothers in Winterthur alone. The company also performed pioneering work in the manufacture of accessories for turbine installations, such as screens, sluices and pressure pipes, as well as regulators and transmissions; its cable transmissions became especially famous in Europe. Ziegler's experiments

with steam engines after 1855 were also successful, but these activities were not pursued further, either because the company did not want to come into conflict with Sulzer, or because it hesitated to fragment its manufacturing capacity even further. However, machine tools retained their importance in Rieter's production programme; this included smith's hearths, woodworking machines, packing and bale presses, lifts, travelling cranes, dynamometers and reciprocating piston water pumps. This production sector never attained the importance of the two dominant activities, turbine and spinning machinery manufacture, of course, especially since it was also always exposed to keen competition from specialist companies. The department lost all of its existing impor-

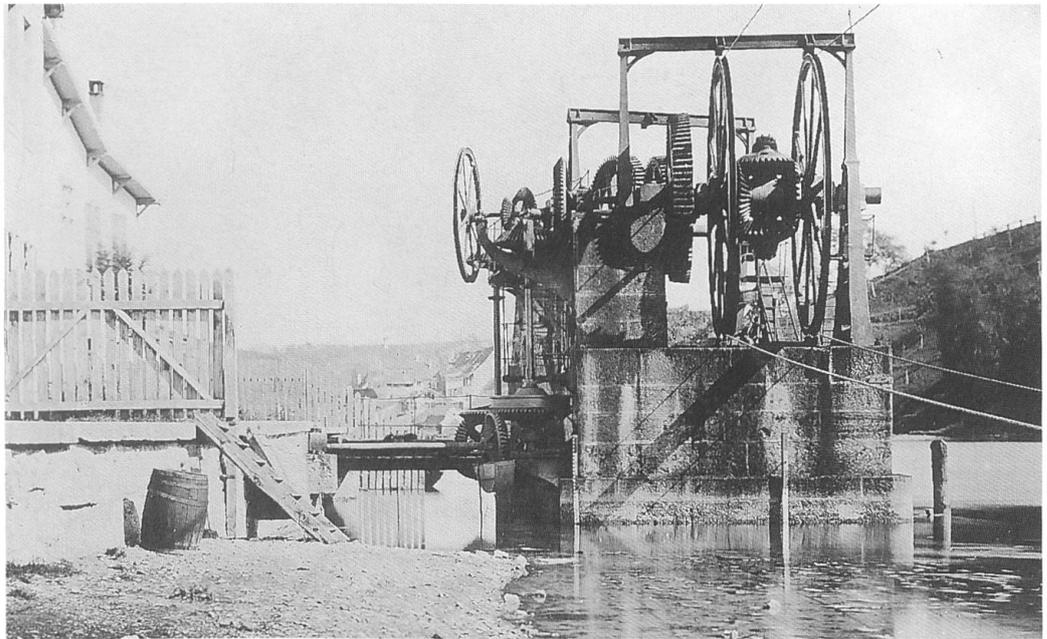
Pendulum and oil pressure regulator



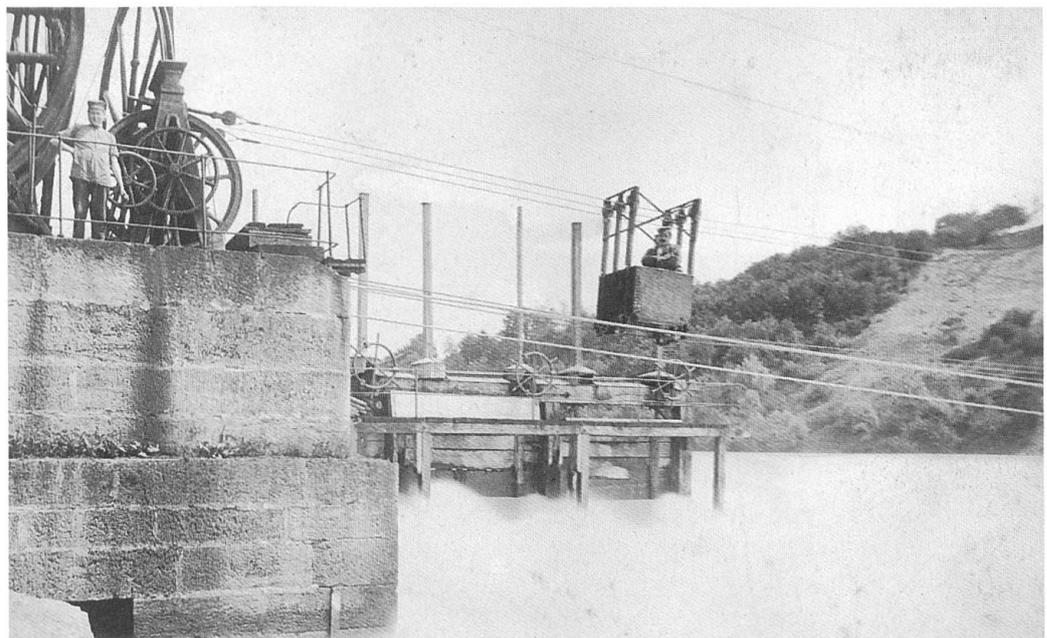
View of the cable transmission installations of the Schaffhausen Water Works Company on the right bank of the Rhine, pictured here ca. 1870

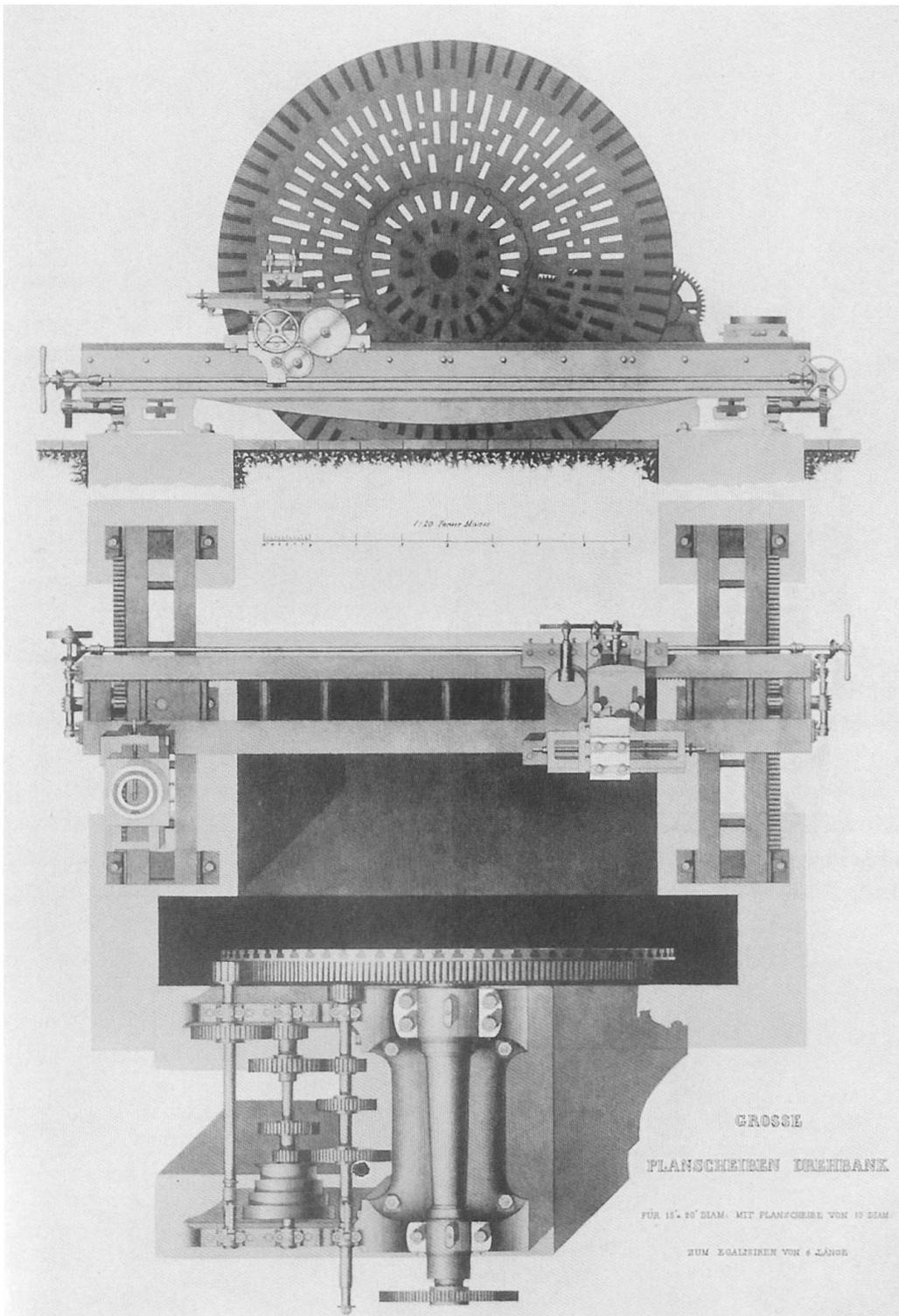


Pillar 4 of the transmission installation which was taken out of service on June 16, 1900



First passenger aerial cableway in Schaffhausen, Switzerland, built by Rieter in 1866





tance with the retirement on health grounds of its enterprising head, D.H. Ziegler, in 1881.

The years of rapid expansion

Winterthur's economic development was nevertheless marked by headlong growth during those years, with Rieter participating in many and varied ways, in terms of both personnel and finance.

Sulzer Bros. machine works had been founded in 1834, the coffee and cotton trading company Volkart Bros. in 1851, Bank in Winterthur – out of which, together with the Toggenburger Bank, was to emerge Switzerland's largest banking group, Union Bank of Switzerland (UBS) – in 1862. Finally, Hypothekar- and Handelsbank Winterthur was founded in 1865. The creations of the boom years also included



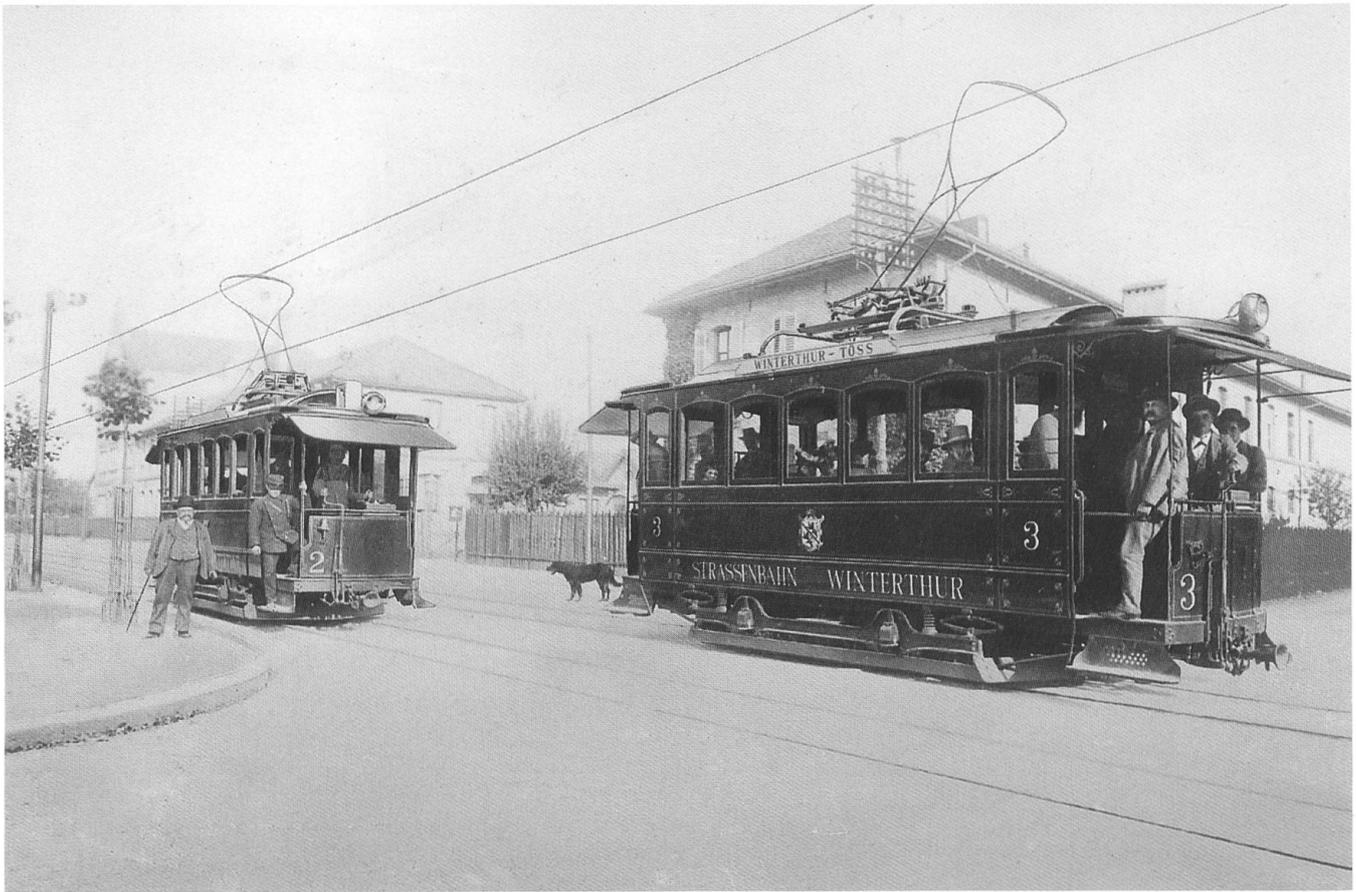
Generator with an output of 100 kW, 1892

the locomotive works in 1871, the silk weaving mill in 1872, and the technical college in 1874. One of the most important foundations, that of the 'Winterthur' Accident Insurance Company, whose main sponsor and first chairman was Heinrich Rieter, came in 1875. The national railway collapse of 1878 was, of course, a severe setback both for the city authorities and for local business; sales abroad also deteriorated markedly in those years.

Electric power stations and railways

In addition to the mechanical aspect of engineering, the rapid development of electricity opened up a new field of industrial activity for the Rieter company. In particular, it was hoped to be able to supply electrical equipment together with turbines in future. The

growing demand for individual electric motors to power travelling cranes, lifts, pumps, machine tools and spinning machinery and for equipping industrial installations generally with electric lighting promised good business. Numerous local authorities had complete electric power stations built by Rieter, including Rütli in Canton Zurich, St. Moritz, Samedan in Canton Grisons and, in 1903, the city of Winterthur. Many orders were received from abroad, where Rieter had a good reputation, for example in India. The construction of electric railways assumed growing importance at that time. In 1897 Rieter accepted the contract for electrifying the horse-drawn trams which had connected Winterthur railway station and the Töss 'convent' for the previous twenty years. Similar contracts, for example to build electric mountain railways,



*Winterthur-Töss
tramway, 1897*

were awarded in Switzerland and abroad.

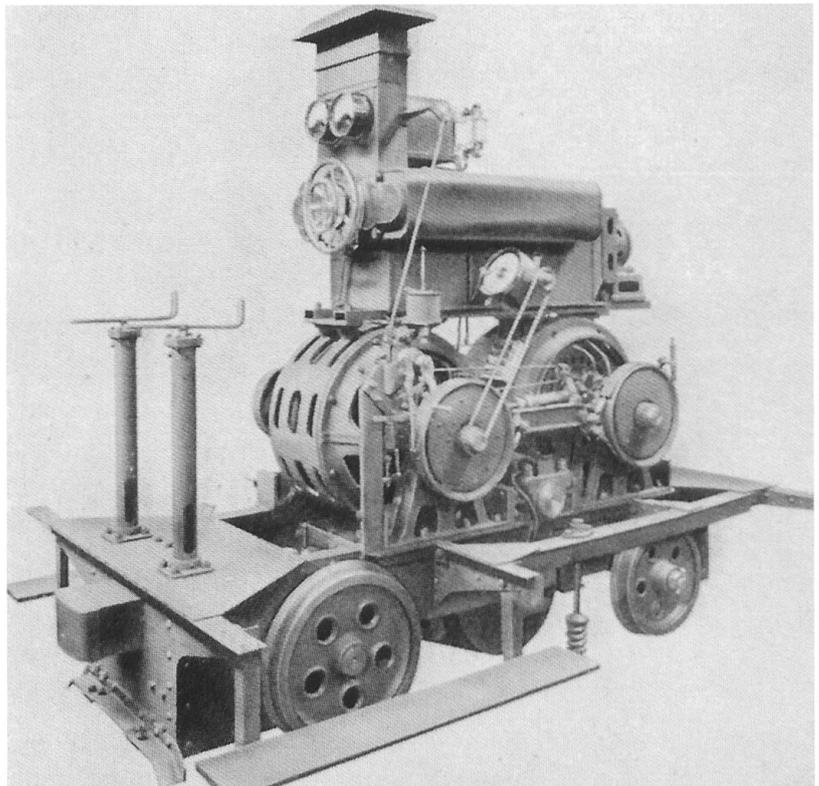
The contract to build the Vesuvius Railway (1905) was an especially spectacular success. However, the project to build a railway through the Mesocco valley was ill-starred; irritations and losses in this connection, and not least the increasing specialization of the electrical industry, persuaded Rieter to wind down its electrical engineering department from 1905 onwards. For similar reasons, railway engineering and machine tool products also gradually disappeared from Rieter's manufacturing programme.

Bridgebuilding

The life of the structural steel and bridgebuilding department was even shorter. Rieter completed a number of noteworthy contracts between 1895 and 1901 (road bridge at Wipkingen, bridges over the Thur at Nesslerau and

over the Landwasser in Davos, retort buildings for the gasworks at Winterthur and Herisau, roofs over the

Power plant for the locomotive of the Brunnen-Morschach rack railway, 1905



*Road bridge at Zurich-
Wipkingen*



platforms at Zurich's main railway station, etc.). The serious crisis in Swiss engineering at the beginning of the 20th century soon put an end to this work. At the same time the growing need to enlarge the workshops and equip them better for the numerous departments showed up the limitations of the company's widely spread industrial activities. A streamlining of the manufacturing programme had to be considered in order to avoid over-

stretching the company's limited resources.

Casting

Rieter had obtained castings from Sulzer and from St. Georgen for decades under long-term supply contracts for the two main departments of spinning machinery and turbine manufacture. The company's primary costs were reduced substantially by building its own foundry on the rectory site on

*The machine works ca.
1931, with the foundry
on the «rectory» site*

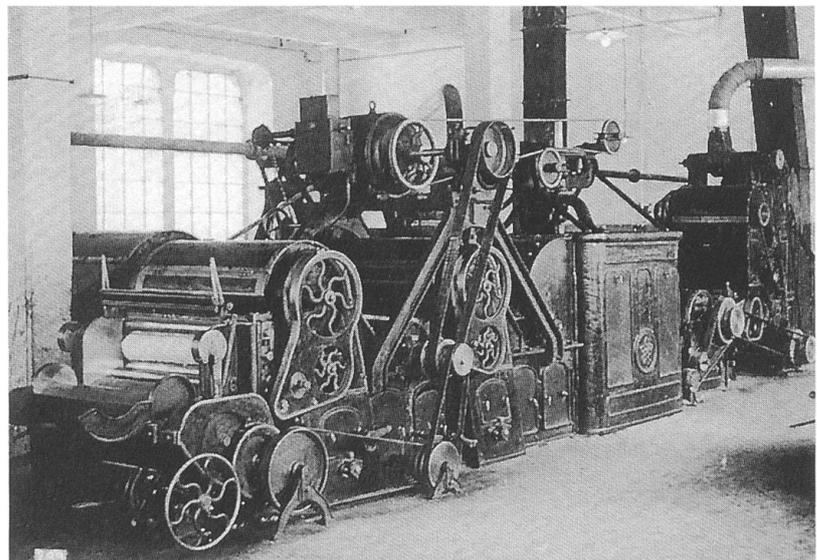
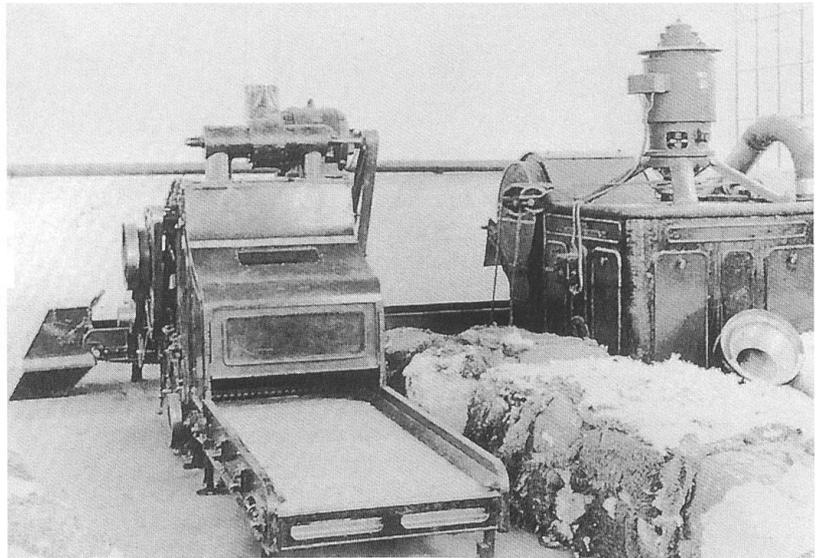


Klosterstrasse which had been purchased in 1907. From the outset, the foundry's task was to supply the Rieter workshops with the necessary grey cast iron in good quality, on time and at low cost. The foundry was continuously expanded and modernized as demand increased.

Large numbers of foundries worldwide have had to discontinue operations permanently as the industrial history of the 20th century draws to a close. Many objective and human reasons can be cited for this trend. As a result of systematic, large-scale investments, for example in an environmentally friendly cleaning shop (1970), the new electric smelting furnace (1973), highly mechanized moulding lines (1982, 1989), zinc and aluminium pressure die casting systems with rotary charging (1982/1985), and especially also intersectoral marketing, Rieter's foundry operations have been very successful to date. In the meantime the opening-up of eastern Europe and Asia has intensified competition considerably.

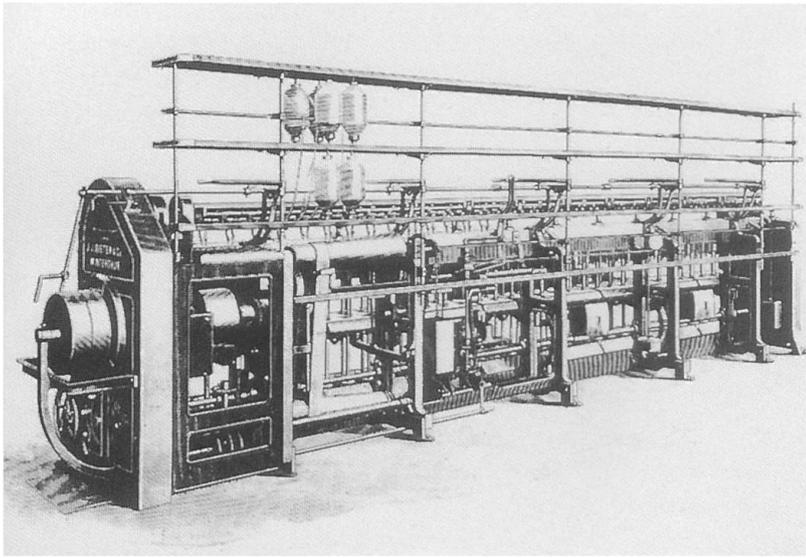
Textile machinery manufacture

Spinning machinery manufacture remained the backbone of the company even during the decades when the workshops in Obertöss were being expanded and new sectors of mechanical engineering were systematically being added during the second half of the 19th century. Continuous improvements and prudent sales policies in which the development and cultivation of relationships of personal trust with customers were given priority supported sales of spinning machinery in Switzerland and abroad. Primarily eastern Switzerland, together with Austria, Germany and Italy, were consistently the main markets. Orders for spinning machinery often also included the simultaneous supply of

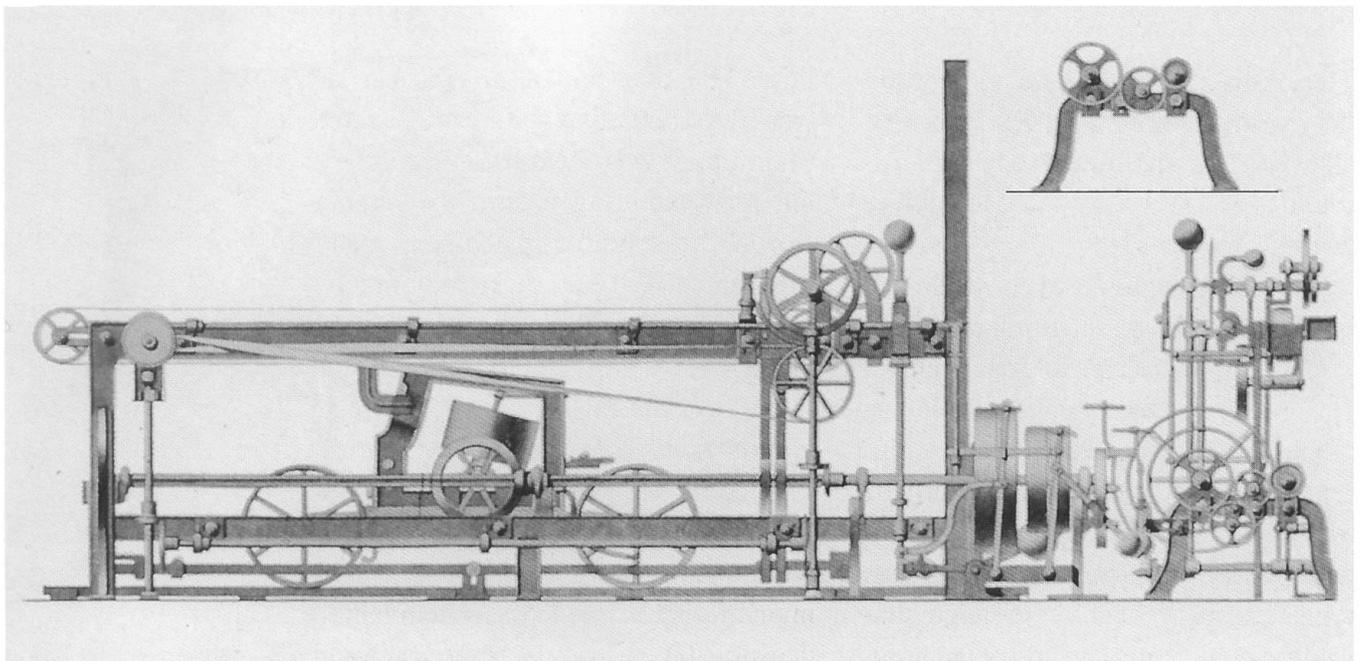
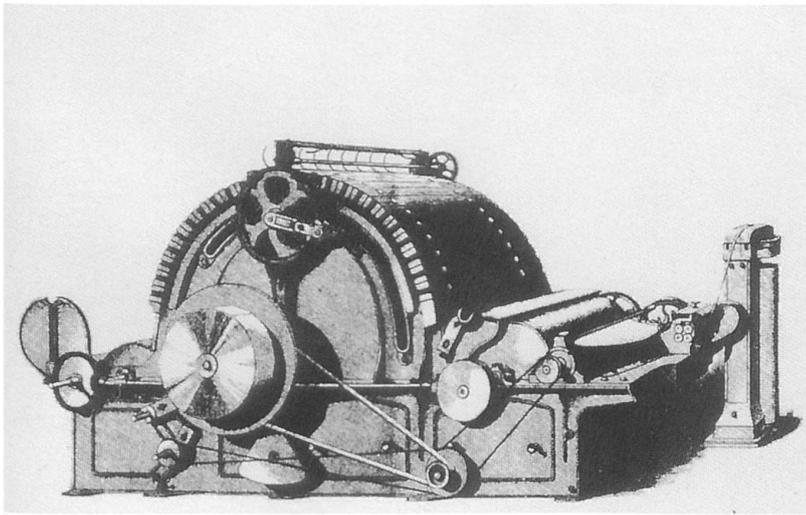


Cotton cleaning: bale breaker and Crighton opener (top); double scutcher (bottom)

turbines and transmissions. Close contacts with St. Gall, the centre of Swiss embroidery, even led to the inclusion of embroidery machines in Rieter's production programme. The shuttle embroidery machine of Isaak Gröbli (1822–1917), who worked temporarily at Rieter while this technology was being developed, attracted special attention. But this new sector was already abandoned again around 1890 due to the lack of follow-up orders and the fact that the market was dominated by specialist competitors.

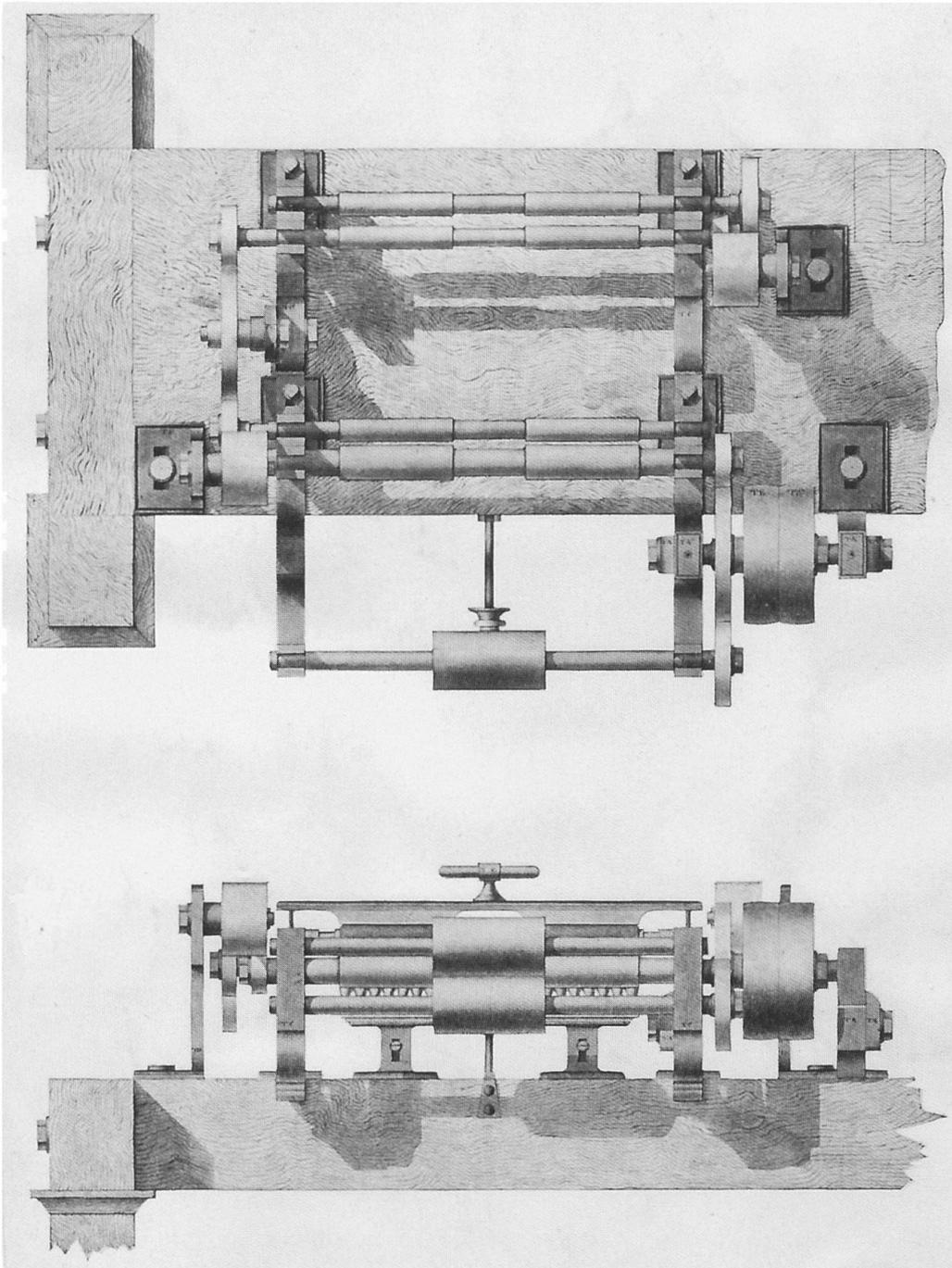


*Speed frame (top) and card (bottom)
from ca. 1870*



*Mule Jenny with spline
shaft (1842)*

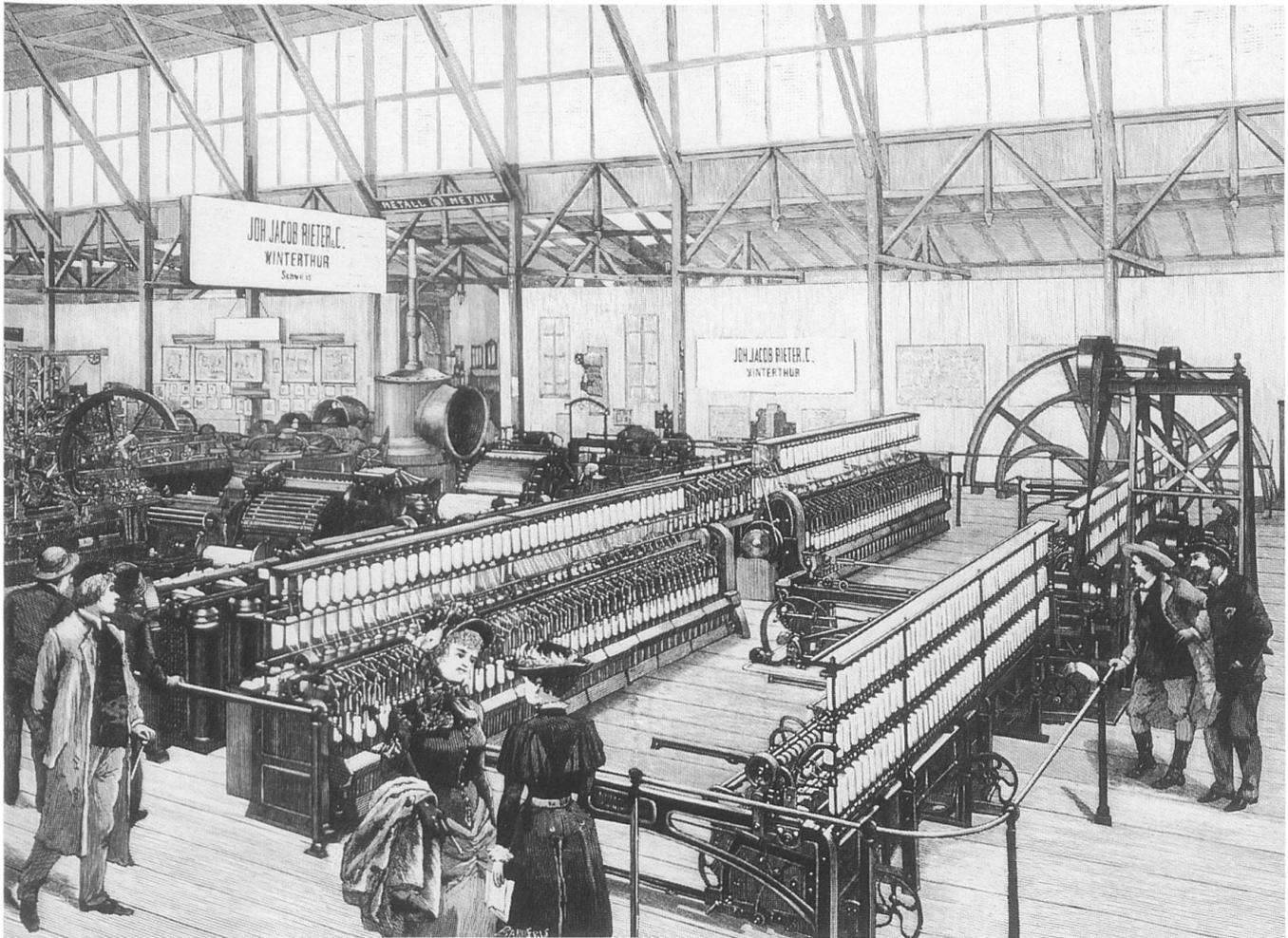
Drawframe (from an old drawing, probably dating from 1823)



The Wülflingen mechanical embroidery works, in which J. J. Rieter & Cie. also had an investment when it was founded in 1870, also failed to achieve lasting success.

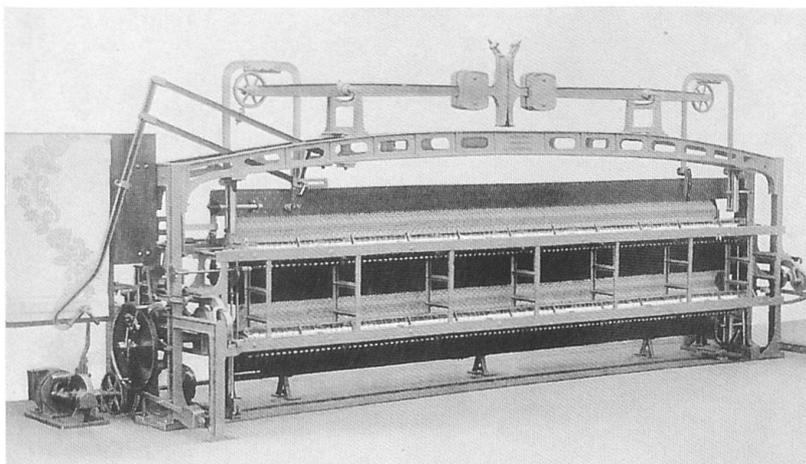
The reorganization of the company in 1914 marked the beginning of a re-orientation in technical management and a move towards concentration in manufacture. Complete cotton spinning machine systems, an improved ring spinning frame, advances in spinning technology and the continuous replacement of machine tools guaranteed the quality and success of the prod-

ucts. The decades of diversification were left behind and the production programme was focused on the original manufacturing sector, the manufacture of spinning machinery. Maschinenfabrik Rieter therefore quickly succeeded, after the eventful years of World War I, in regaining the ground lost as a result of the war and far outstripping its own textile operations. The company survived the crisis of 1922 and that of the nineteen-thirties without any loss of substance. It remained largely true to the fundamental decision taken in 1914 to concentrate



Spinning machine in the machinery hall at the 1883 Swiss National Exhibition

Shuttle embroidery machine

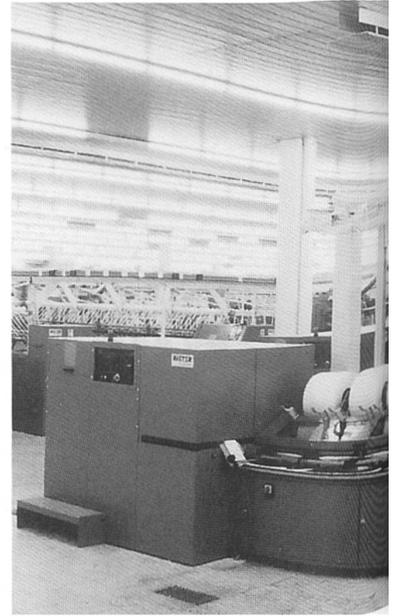
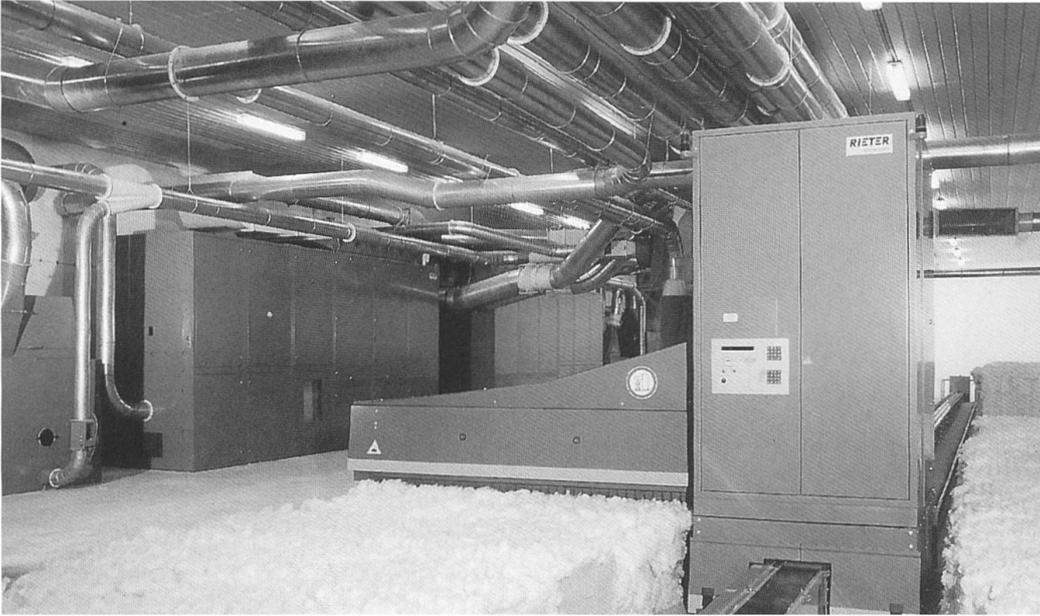


its resources. There was, of course, no shortage of adversities and critical situations during the war years from 1939 to 1945. However, far-sighted action by the authorities and within the company meant that there were no serious dislocations. In the spring of 1945, the new management stood at the start of a new chapter in the company's history and at the same time, as

it was to prove, at the beginning of an unprecedented boom, abetted not only by the virtually undamaged production facilities in Switzerland, but also by the start of vigorous industrial development and reconstruction in Europe. With the clear target of continuing to concentrate exclusively on spinning machinery manufacture, the existing, efficient plant of Maschinenfabrik Rieter AG has been modernized and expanded systematically since 1945.

With numerous innovations in spinning subassemblies, machines and systems, the company repeatedly played a pioneering role, for example in opening and cleaning, carding, drawing, and especially combing. Rieter was also well placed in the development and automation of ring spinning operations. Timely moves were made to introduce new production processes

1

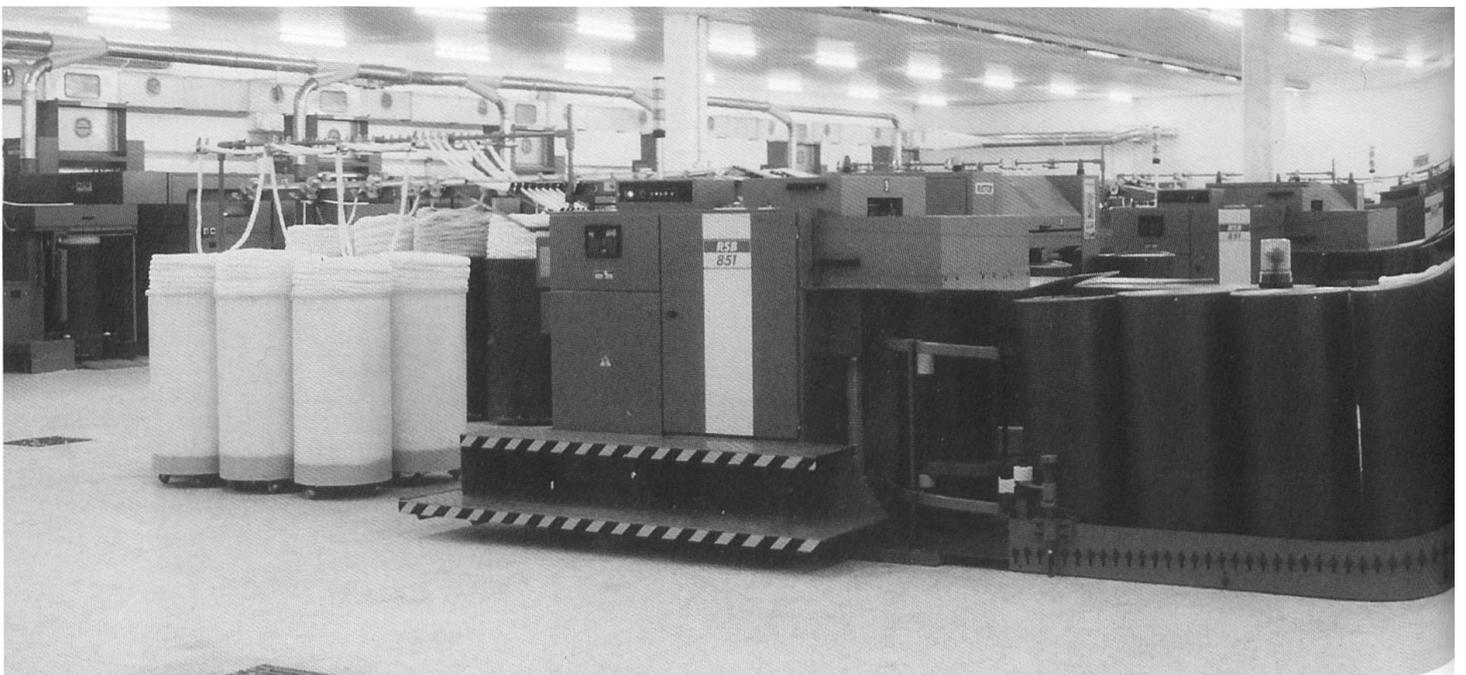


2



Modern spinning machines and installations for the staple fibre sector

3



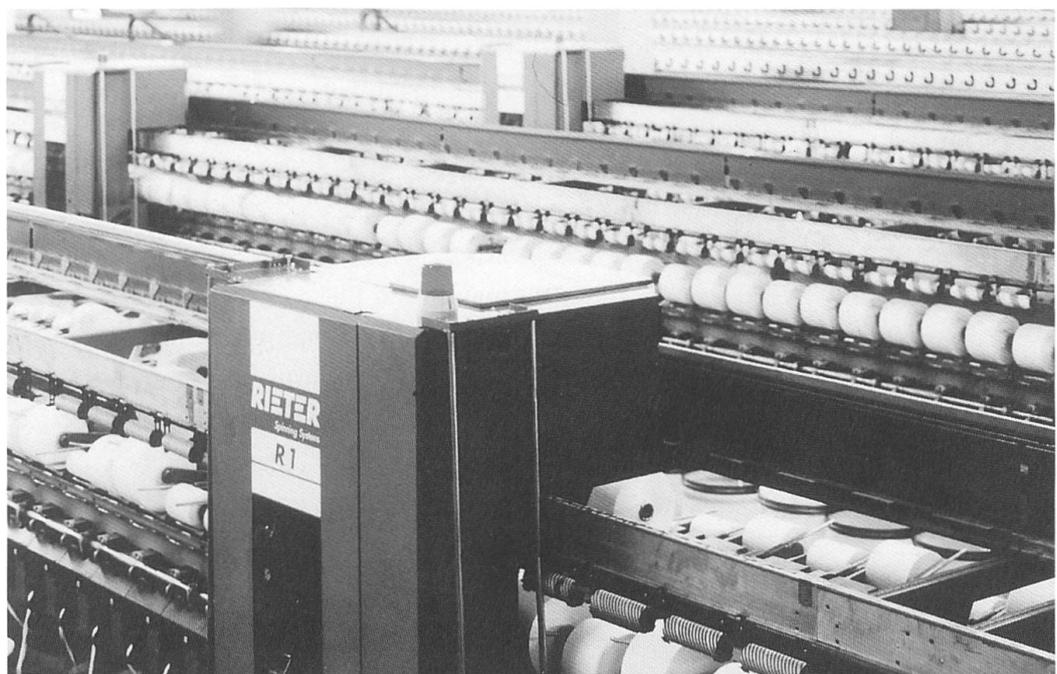
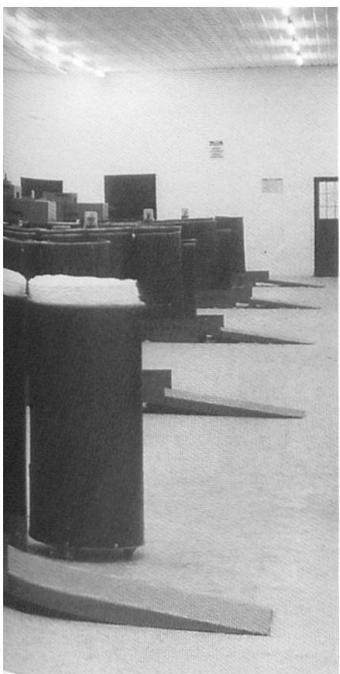


4

- 1 Opening and scutching line
- 2 Cards
- 3 Drawframes
- 4 Combers
- 5 Ring spinning mill
- 6 Rotor spinning machines



5



6

with technical improvements. Open-end spinning, an alternative to ring spinning, can be cited as an example of this.

Since 1949 close attention has also been paid to continuous man-made fibres and filament processing machinery. Automation was also taken into account in the shape of electro-pneumatic and numeric machine controls. Rieter's new designs attracted considerable attention at the regular international textile machinery exhibitions (e.g. ITMA) and in the marketplace.

The external appearance of the company has also been thoroughly changed in the past fifty years. For example, the favourable trend of business enabled the plant in Obertöss to be extended considerably. The workshops and offices occupying the historic buildings of the Töss convent were extended systematically on the basis of overall concepts drawn up at an early stage. The increased demand for office premises resulted in the addition of further storeys to the administration building and the incorporation of further office wings. The old workshop buildings were replaced by large factory shops, and the waste ground on the recently acquired neighbouring site had to make way for further factory and storage premises and extensive car parks for the increasingly motorized personnel. The extensive mechanization of the foundry was followed by a new building for the automatic casting store and a novel electrophoretic coating line. Modern laboratories were equipped for materials testing and research. In order to handle company accounts, Rieter, after initially using punched cards from 1948 onwards, was the first machine works in Switzerland to move to electronic data processing for commercial applications in 1959.

After the very early use of NC and CNC machine tools, a sophisticated CAD/CAM system was employed on an industrial basis as from 1985. The Rieter company thus remained true to that pioneering approach which was behind the installation of the first telegraph station in the Töss factory in 1867.

Research centre

In 1962 Rieter made a significant step into the future with the opening of its research centre in Niedertöss. In those years when the machine works had far outstripped the spinning operations in size and importance, Rieter progressively acquired the shares of the Niedertöss spinning and twisting mill and decided to close down its operations. The premises which thus became available – in earlier days the cradle of the machine works – offered ideal conditions for the large-scale, practical expansion of research facilities, which alone promised to assure the future of the company in face of the rapid pace of technical progress. Systematic research and development (R & D) had always been given special attention at Rieter – originally on a craft basis. This approach to operations is ultimately the basis of efficiency and quality.

In the age of science-based systems extensive space was thus created for research in 1957 by the construction of new premises in the 'convent'. The large number of experimental machines, the associated laboratories and test workshops soon proved too small. The opportunity to set up a pioneering R & D centre in Niedertöss was therefore gratefully seized in 1962. Major extensions of which Rieter has good reason to be proud were made between 1970 and 1973 and again in 1990 by a series of new buildings.



Research and development centre in Nieder-töss

Welfare and training / further education

The acquisition and provision of healthy and low-cost residential accommodation for personnel and their families has always been a particular concern of the Rieter company. In the interests of retaining a basic stock of personnel through times of crisis, the company had earlier gone its own way and sought original approaches. For example, in 1865 – when it was usual only to provide so-called ‘boarding-houses’ – Rieter was the first Swiss industrial company to build a real workers’ housing estate with separate semidetached houses and gardens. The tenants only had to pay low rents, but had to take out life insurance, a skilful method of linking housing welfare with provision for old age. It was indeed a pioneering move by Heinrich Rieter, which was copied by many in this field in Winterthur, above all in

the ‘Society for the Construction of Low-cost Residential Housing’. Rieter himself also continued to build inexpensive housing for his workers, first on Klosterstrasse, Rosenstrasse and Ebnetstrasse. This work was subsequently continued in the city and the region. Buildings further afield were acquired over the years as investments for company foundations and associated cooperatives. Rieter real estate management is therefore responsible for an average of 1010 homes and a further 1120 rented premises such as garage space or hobby rooms as this volume is published. Some 400 Rieter staff can also make use of mortgage facilities for single family homes or condominium apartments. A further two dozen apartments are available for Rieter personnel in the Töss Centre, a centrally located property development with supermarkets, individual shops, service operations, a hotel, res-



Workers' housing estate in Töss, under construction from 1865; shown above on a photograph ca. 1870, below after the latest renovation



Low-cost housing at Dättlau, built by Rieter for its employees



The training centre, built in 1990 and used mainly for customer training



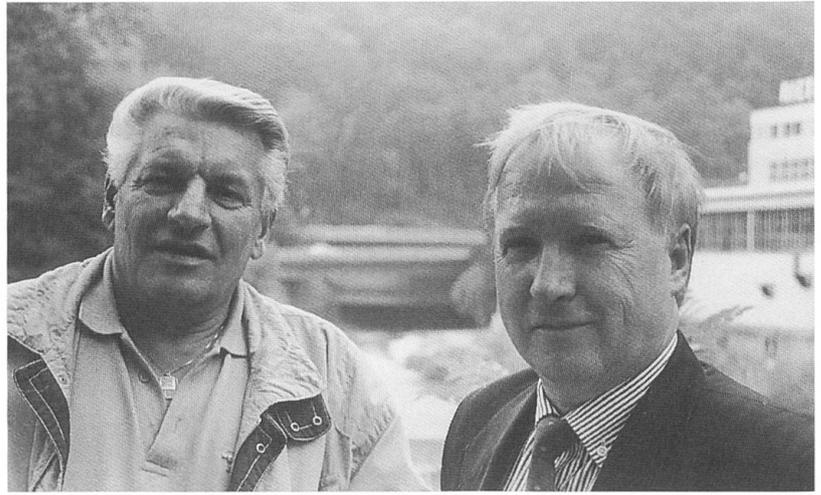
restaurant and meeting rooms. This centre was originally built in partnership with the city of Winterthur and 'Winterthur' Insurance, and sold to Hugo Erb AG in 1989. It has become a favourite meeting place for the population of Töss, and it is now difficult to imagine the city landscape without it. Since 1951 the company has had a modern personnel restaurant, which was extensively enlarged in 1961.

The new Training Centre in the immediate vicinity came into operation in 1990. This comfortably accommodates customer training, internal training events, meeting and conference facilities. These premises are also available to outside users wherever possible.

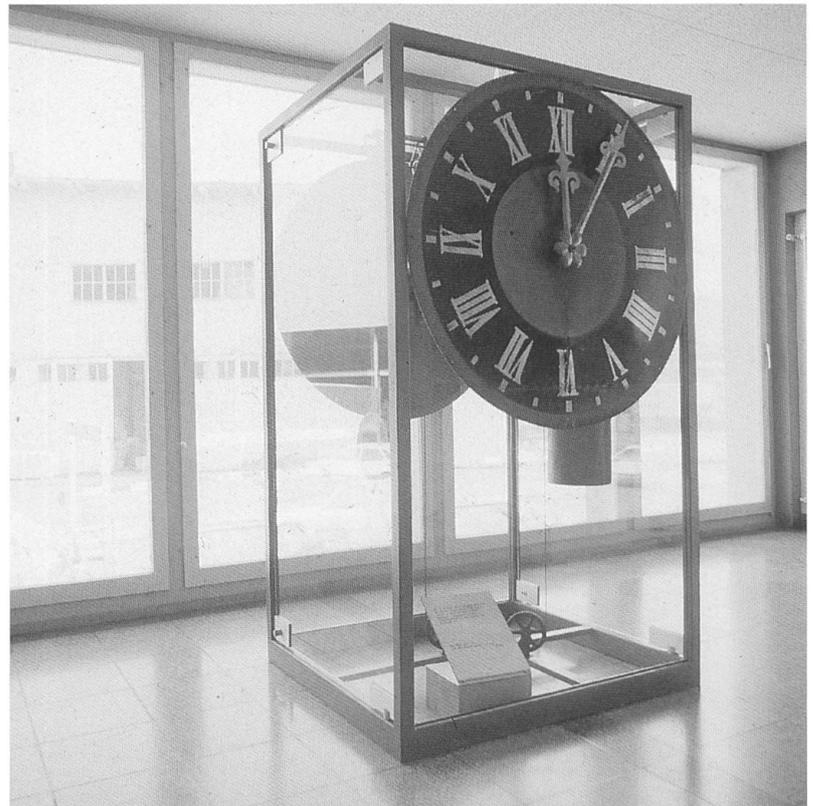
Rieter introduced an employee share ownership scheme in 1975. Since then, long-serving personnel are awarded additional recognition in the form of participation certificates which give them a financial stake in the company and thus strengthen mutual ties.

Many other achievements such as the pension fund, the suggestion scheme, apprenticeship training, man-

agement training, the personnel magazine (since 1956), events for veterans and pensioners, winter and summer sports days and a varied programme of courses and further training underline the company's principle of maintaining natural and informal relations with its personnel. Frank contacts between employer and employees are conducted through the production and clerical personnel committees.



The chairmen of the employees' representative bodies (1994): Marcel Würgler (left), chairman of the production personnel committee; Albert Rüegg (right), chairman of the clerical personnel committee



This tower clock graced the old mill building in Obertöss. It was restored by apprentices in 1978.

The route to the present day

The group

In the period after 1945, when the enormous backlog in demand filled order books to such an extent that at times they were almost impossible to cope with, Rieter was also induced to look around for favourable opportunities to expand output rapidly. This necessitated abandoning the principle of concentrating in-house manufacture on the workshops in Töss and attempting to establish a foothold outside the parent site in Switzerland and abroad. This amounted to the first step towards the creation of the group. However, there was no effort to diversify at that time; it was more a case of meeting the

needs of the company's own operations and endeavouring to achieve greater independence in obtaining the necessary semi-finished products.

These efforts were also precursors of the first steps towards modern 'make-or-buy' practices. In purchasing machine components, Rieter has always aimed either to manufacture advanced components itself or to have them made by associated companies, in order to make opportunities for abuse by spare parts pirates difficult at the least. The procurement of machine components and subassemblies has for years been based on the guiding principles of 'lean production'.

General view of the factory site in Obertöss





Schaltag AG in Effretikon; electronic machine controls are developed and produced here

The gauge factory of Gebrüder Mägerle GmbH in Effretikon, which was struggling due to lack of orders, was the first to be acquired in 1947 and converted to the manufacture of advanced spinning machinery components under the name of Maschinenfabrik Effretikon AG (MEFAG). Since 1987 it has served Schaltag AG as Rieter's production unit for electrical machine controls.

The Bertschinger machine works in Sirnach and Winterthur, acquired in the early fifties, builds combing machines and is involved in machine trading. In 1984 the Sirnach plant became part of the parent company as Maschinenfabrik Rieter AG, Sirnach works. The used machinery department of Bertschinger covers the entire spectrum of textile machines together with outside partners, and meets a genuine need.

The Italian subsidiary FAMATEX in Garbagnate near Milan, founded in 1948, switched production from lathes to ring spinning frames and drafting systems after its acquisition by Rieter.

This southern outpost was directly related to Italian licensing and patent practices. Legislative changes in Italy induced Rieter to liquidate the company in 1981.

The surgical dressings machine works at Neuhausen Rhine Falls, set up in 1962 together with the well-known Internationale Verbandstoffabrik (IVF), developed and produced systems for bonded fibres and non-wovens until 1979.

Rieter secured a foothold on the American continent as early as 1951, when subsidiary American Rieter Company (ARC) was formed initially in Arlington with its own offices, stores and service department, before moving to West Caldwell (N.J.). In 1963 the operation moved to Spartanburg (S.C.), occupying new premises in the heart of the North American cotton region.

In January 1966, an Indian spinning machinery works, Lakshmi Machine Works Ltd., was founded with Rieter's assistance in Coimbatore, and the Winterthur company has continued to

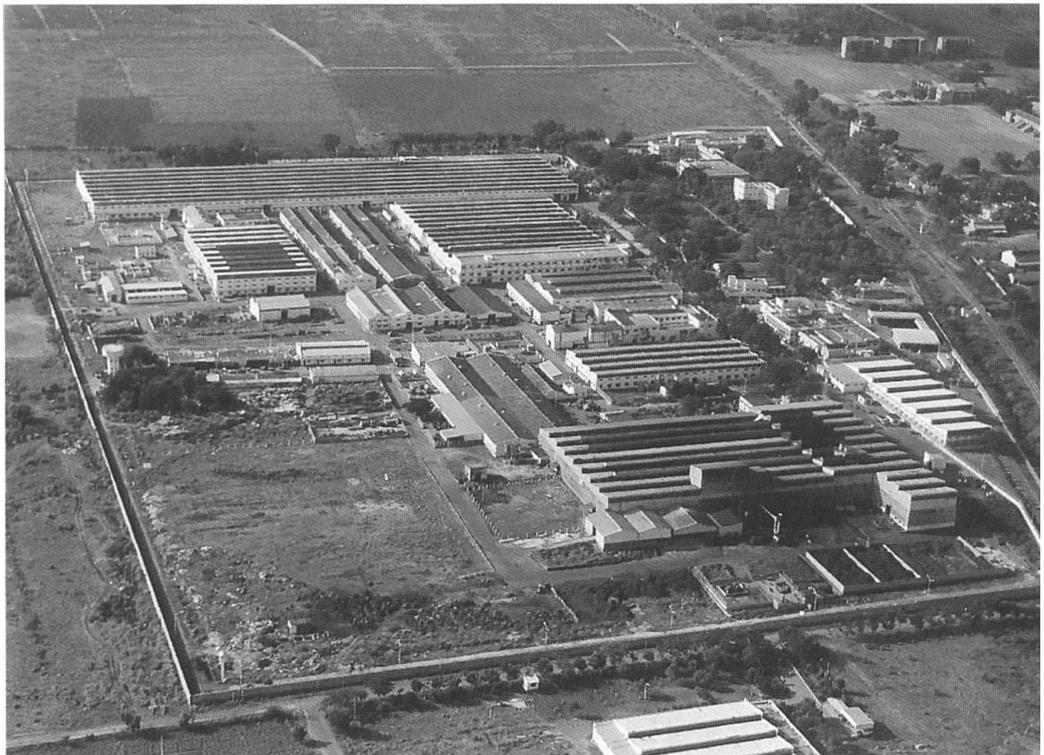
*Rieter Corporation, the
US subsidiary based in
Spartanburg, South
Carolina*



be associated with it since then through licensing agreements and an equity interest. The investment in Talleres Coghlan SA in Buenos Aires in 1969 was also intended as a means to overcome local import restrictions through manufacture under licence. In contrast to the Indian company, the

partnership with Coghlan SA was terminated in 1980 on market policy grounds. A joint venture with Geilinger Stahlbau AG in Elgg (1967–1986) also failed to enjoy long-term success. At the beginning of the nineteen-seventies Maschinenfabrik Remlingen GmbH in Marem (Germany) joined

*Lakshmi Machine Works
Ltd. in Coimbatore,
India*



the Rieter Group. It was integrated as a wholly-owned subsidiary in 1973 and sold in 1993. Schaltag AG in Effretikon, in which Rieter took a stake in 1970 and which has been a wholly-owned subsidiary since 1972, has also become a reliable partner. This company specializes in the manufacture of electrical controls for textile machines and entire installations. It employs a team of experts who also perform work for third parties in sectors other than textiles. Reference can also be made to the Gretener company, with which Rieter manufactured textile tubes in Cham and – using the precision tubes produced – also bicycles in Sursee between 1971 and 1983. This temporary cooperative venture fell victim to the renewed concentration on mechanical engineering.

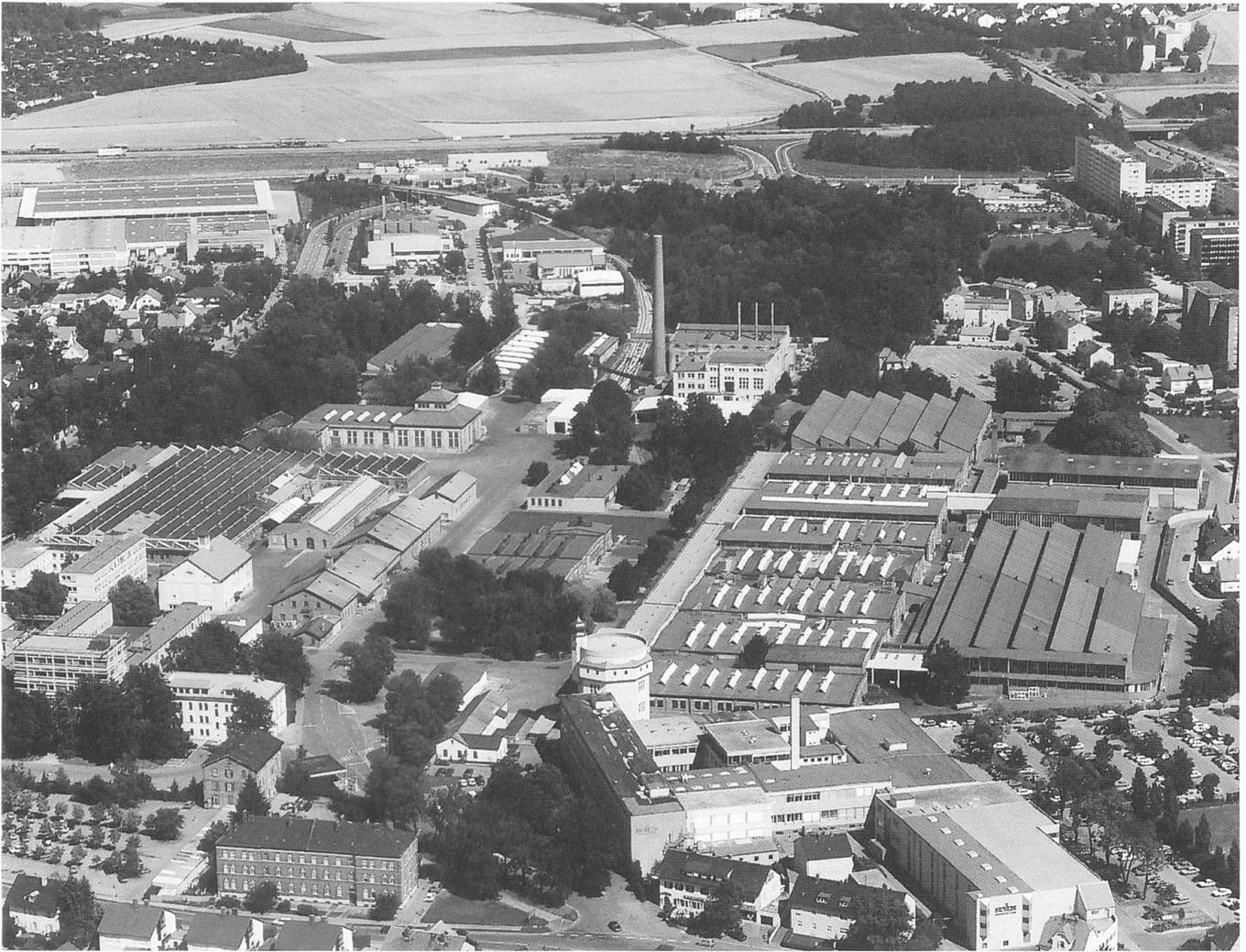
Automatic operating systems for open-end rotor spinning machines

were developed and manufactured in partnership with Maschinenfabrik Schweizer in Horgen. Rieter Automatik emerged from this association in 1985, became Rieter Elektronik in 1989, and was finally integrated in the parent company's engineering operations in 1993.

Rieter expanded significantly in 1982 with the establishment of its subsidiary Rieter-Scragg Ltd. in Langley, Cheshire (UK). This decisively strengthened Rieter's position in machinery for producing man-made filaments (fibres and yarns). The existing Scragg company had made a name for itself worldwide in the development and manufacture of fine texturing machines for synthetic, continuous filaments, which was now added to the excellent reputation enjoyed by Rieter as a machine manufacturer. Over the years, the filament



*Rieter-Scragg Ltd. in
Langley, Macclesfield,
England*



Rieter Ingolstadt Spinnereimaschinenbau AG in Ingolstadt, Germany, successor to Schubert & Salzer

machinery sector has joined the staple fibre machines as an important new branch of Rieter's production operations. Appropriate new premises and extensions in Langley have developed the manufacturing facilities there into a modern European textile machinery plant since the takeover. In the course of a restructuring programme in 1985, responsibility for the two textile machinery sectors was divided into two segments, for staple fibres and continuous filaments. Out of these finally emerged the two textile divisions of spinning systems (staple fibers) and chemical fibers.

1987 started with a bang with Rieter Holding's acquisition of a majority shareholding in Schubert & Salzer Maschinenfabrik AG in Ingolstadt, one of its main German competitors. This company had been hit much harder than Rieter by the crisis in the sta-

ple fibre textile machinery sector in the eighties. The rising cost of research and development made cooperation with a company in a related field seem appropriate. This was also coupled with the conviction that the combined potential of the two companies would have greater prospects of success in facing the challenges of the market and the competition. This cooperative undertaking was thus launched to good purpose under the guiding principle of '1 + 1 = 3', creating a first-class supplier of entire spinning installations under the new corporate heading of 'Rieter Spinning Systems'. In a further move to concentrate resources, the castings and fittings operations which previously formed part of Schubert & Salzer Maschinenfabrik AG in Ingolstadt were sold to management at the end of 1991.

In 1992 Rieter acquired a new sub-



subsidiary, Automatik-Apparate-Maschinenbau GmbH in Grossostheim (Germany), which – as ‘Rieter-Automatik’ – substantially strengthened the Chemical Fiber Systems Division. Highly promising prospects for the future have thus been opened up for this division with its main sectors of automation, pelletizing, man-made fiber machinery and texturing.

At the beginning of 1994 Rieter took an equity stake in Walter Bräcker AG to protect its interest in ring traveller systems for high-performance ring spinning frames.

Finally Rieter purchased in 1994 the

Firth Furnishing Ltd. (UK) to support and round out the Unikeller division. With the 1994 acquisition of Elitex, Usti nad Orlici in Czechia, Rieter utilized the market advantages and the joint venture agreement with Jingwei brought the Company closer to the Chinese customers.

The momentum of acquisition and disposal of companies has been accompanied by active steps on the sales and service front in order to maintain close contacts with the market. Wholly-owned Rieter companies have therefore been established in major centres of population.

Diversification

After registering sharp declines in sales and earnings in the mid-seventies as a result of the economic crisis following the so-called 'oil shock', Rieter management decided to diversify and expand the manufacturing programme in order to find a way out of the recession. The focus was on maintaining and reinforcing the spinning sector while strengthening the company's sales base with an additional, unrelated production sector.

The global slowdown in demand for textiles had a negative impact on the textile machinery business. The unwillingness of Rieter's customers to invest, coupled with a glut of good-quality second-hand machines, resulted in excess capacity in textile machinery manufacture throughout the world. The higher performance of new textile machines also intensified competition. In order to cope with this unwelcome situation, numerous defensive moves such as price concessions, increased production for stock and widespread economy measures – including the closure of the two foreign manufacturing subsidiaries in Italy and Argentina – had to be coordinated with offensive action. This included strengthening the global sales organization, intensifying research and development efforts, enhancing market presence – especially in the USA with the establishment of our own manufacturing facilities in Aiken (S. C.) – and developing service centres for filament systems in Spartanburg (S. C.) and Shanghai (People's Republic of China), to name only a few of the most important moves.

In all its diversification moves, Rieter had always borne in mind the cyclical behaviour of new business sectors. Similarities with the company's history in the 19th century were by no means overlooked. However, very dif-

Rieter service worldwide

Founded	Company
1951	Rieter Corporation USA
1955	Rieter Italiana
1970–1993	Rieter France
1993	Successor: Sofrinter AG
1974	Rieter Far East Hongkong and Beijing
1977	Rieter Germany
1978	Rieter Vienna
1986	Rieter Far East Taiwan
1994	Rieter Shanghai Service and Maintenance Center

There are other service units, for example in Greece, Turkey, Pakistan, India, Morocco, South Korea, Mexico, South America (e. g. Venezuela).

ferent overall conditions gave few opportunities for transposing earlier lessons directly into the present day. In any event, concentration on existing strengths was again confirmed in full.

Unikeller was acquired on the basis of these considerations. This purchase made a restructuring of the company essential, as the group had now come a step closer to its target of strengthening earnings structures through concentration on three systems suppliers – Spinning Systems, Chemical Fiber Systems and the new Unikeller group with its noise control and thermal insulation systems. These group activities were therefore brought together under the umbrella of Rieter Holding Ltd. and management was entrusted to a group executive committee. Once again with a view to deliberately streamlining operations, Keller's structural metalwork operations were sold in 1986 and its paints and plaster interests in 1988. In the meantime Chemiegesellschaft Gun-



derhausen in Germany and its subsidiaries joined Unikeller in 1988, complementing the traditional fibre mat technology for noise control and thermal insulation with its foamed plastics technology, and making a significant contribution to strengthening this systems group.

From a monocultural parent company to an internationally diversified group

Looking ahead to Rieter's bicentenary in 1995, it is worth reviewing the group's present position. Compared with the earlier single-sector spinning machinery manufacturer, Rieter is now a diversified industrial group with a multinational structure and the three basic divisions of 'Textile machinery and systems for staple fibers', 'Textile machinery and systems for man-made fibers', and 'Systems for noise control and thermal insulation'. At the start of this expansion process, which ended almost ten years of stag-

nation, in the early seventies the company had gross sales of 290 million Swiss francs, cash flow of 14 million Swiss francs, net profits of one million Swiss francs, and 3400 employees.

More recent key figures reflect the resumption of growth:

	1987	1992	1993
	Sfr. m.	Sfr. m.	Sfr. m.
Gross sales	1340	1693	1655
Cash flow	104	115	133
Net profit	42	33	40.5
Employees	9000	8815	7934

The Rieter Spinning Systems Division consists essentially of the staple fibre machinery operations. As an all-round supplier in this field, Rieter is a worldwide leader with the ability to supply, service and further develop machines and integrated systems.

Meanwhile, the Chemical Fiber Systems Division supplies systems and machines for man-made fibers and

The head office of the Unikeller Division is at Brüttisellen, Switzerland.

continuous synthetic filaments. In this field, Rieter has only recently expanded from an out-and-out specialist to an all-round supplier.

The textile machinery divisions sell their products on a global scale. The proportion of sales booked in Switzerland is usually less than 5%. Their main production facilities are in Switzerland, Germany and England.

The Unikeller Division mainly produces equipment for noise control and thermal insulation in means of transport, especially in motor vehicles. It thus promotes acoustic comfort and also enhances safety. Despite its status as a supplier, it maintains its own product development facilities and strives to market its structural elements with integrated accessories consisting of modular units to the relevant industrial sector. Its most important customers are in Europe, where the division ope-

rates its own plants in virtually all countries in which motor vehicles are manufactured. Head office and the main R&D facilities are in Switzerland. Good relations are maintained with non-European markets via licensees.

During the expansion of the group, the success of diversification efforts was based in particular on the rigorous selection of acquisitions and the definition of their objectives within the strategic concept. Purchases were never made with opportunistic motives, but as systematic additions which had to satisfy specified criteria. An intact management team at the companies acquired was always an essential feature, since Rieter has never held executives in reserve for such assignments. Personal confidence in the quality of the new acquisitions was therefore very important.

Appraisal and outlook

What Johann Jacob Rieter had started in 1795, Heinrich Rieter had continued as the merchant trading at the 'Glocke' and senator Heinrich Rieter had expanded, has held its own as the Rieter company in the face of diverse challenges during the past 200 years. Boom and recession have succeeded each other, and the waves of economic change have become more frequent and extreme.

Market fluctuations have increasingly penetrated with full force as far as systems suppliers and manufacturers.

These circumstances have overwhelmed smaller competitors, while larger rivals have derived new strength from prudent mergers. Yet the history of textile machinery manufacture clearly shows that very large groups are usually rejected by the market, whereas companies of a manageable size hold more attractions for customers and machine manufacturers alike.

Rieter therefore deliberately sought and managed the transition from business monoculture to diversified industrial group. The company has thus developed from a central European group into an international concern. Technology, production and administration are guided to their coordinated goals with the help of integrated data processing.

Rieter can point to remarkable quality standards when it comes to its products. This quality means that the machines and systems are very highly rated. However, since quality increasingly depends on CIM machine tools and production processes, new and

improved equipment and systems become urgent necessities for survival. This compulsion is further intensified by technology transfer in licensing and joint ventures.

A company's greatest assurance of survival lies in effective research and development. High-tech research is very costly. These resources have to be earned with 'lean production' and sustainable product prices. It would therefore be very risky for the company to 'rest on its laurels'. It is preferable to concentrate on coordinated, international development. The needs which link customers and manufacturers in consumables and service materials must also be subject to appropriate norms and standards.

Rapidity of decision-making has grown in importance in the company's strategic vision. Yet the mere reduction of development lead times is associated with a marked increase in risks in the case of high-tech products. Entrepreneurs should never lose sight of these relationships.

The logo for Rieter, featuring the word "RIETER" in a bold, stylized, sans-serif font. The letters are thick and blocky, with a slight shadow effect, giving it a three-dimensional appearance. The letters are arranged in a single line.

Chronicle: Rieter's 200 years 1795–1995

- 1795 Johann Jacob Rieter (1762–1826) opens his first trading establishment for foreign spices and cotton in the weigh-house 'zur Glocke' in Winterthur's Marktgasse, thus laying the foundation for the future company.
- 1809 Heinrich Rieter (1788–1851), son of the company's founder, joins the firm.
- 1812 Wildbach spinning mill in Winterthur founded, only to cease operations five years later.
- 1817 Spinning mills in St. Gall (at Augarten and Schönthal) and at Buchenthal near St. Gall-St. Fiden.
- 1823 Johann Jacob Rieter and Hans Ulrich Graf put the St. Georgen spinning mill back on its feet.
- 1825 Heinrich Rieter founds the fine spinning mill in Niedertöss.
- 1827–1831 Rieter becomes a member of the Winterthur city council.
- 1833 Purchase of the Töss Dominican convent.
- 1835–1925 Diversification phase; in addition to spinning machinery, production of transmissions, turbines, machine tools, electrical machinery such as generators, motors, railways, trams, rifles, bridges, looms, embroidery machines, doubling and winding machines, etc.
- 1843 Coarse count spinning mill established in the Töss convent.
- 1851 After the death of Heinrich Rieter, his son Heinrich (1814–1889), later colonel and senator, takes over the various businesses.
- 1852 Rieter is the first Swiss industrial company to build a workers' housing estate.
- 1854 Transfer of the engineering workshops to the Töss convent.
- 1863 Emmenhof spinning mill in Canton Solothurn equipped with turbines, transmissions and spinning machines.
- 1868 First telegraph at Rieter in the Töss plant.
- 1880 Doubling mill set up in Niedertöss.
- 1891 'Actiengesellschaft vormals Joh. Jacob Rieter & Cie.', consisting of the Obertöss engineering workshops, the Niedertöss and Glattfelden spinning mills and the Buchenthal spinning mill.
- 1897 Electrification of the tram route between Winterthur railway station and the Töss convent by Rieter.
- 1899 Benno Rieter (1870–1925) becomes general manager as the last representative of the family in management.
- 1895–1905 Construction of various bridges and erection of major steel structures.
- 1905 Construction of the Vesuvius railway.
- 1907 Construction of the grey-iron foundry on Klosterstrasse in Töss.
- 1914 The spinning mills become independent as part of a reorganization scheme under the name of 'Spinnerei und Zwirnerei Niedertöss AG'.

- 1877–1915 Delivery of 85 turbines of different systems to Sulzer Brothers in Winterthur.
- 1947 Rieter subsidiary Maschinenfabrik Effretikon AG (MEFAG) produces sophisticated spinning machinery components, so-called know-how components.
- 1948 Introduction of a punched card system as the forerunner of electronic data processing for commercial purposes as from 1959.
- 1951 American Rieter Company (ARC) founded in Arlington.
- 1962 Rieter spinning machines produced under licence by Lakshmi in Coimbatore, India.
Research centre opened in Niedertöss.
- 1964–1966 Aluminium foundry and pressure die-casting in Töss.
- 1971 Electrical controls built by Schaltag AG in Effretikon.
- 1973 New electric smelting unit at Rieter-Toess Foundry.
- 1975 Employee share ownership scheme launched.
- 1980 Production plant in Aiken, S.C. (USA) (Buy American).
- 1982 Purchase of Ernest Scragg & Sons Ltd. from the Platt assets, and formation of subsidiary Rieter-Scragg Ltd. in Langley (UK).
- 1984 Purchase of Unikeller AG for noise control and thermal insulation in motor vehicles, etc., with fibre mats. Unikeller Division formed.
- 1985 Organization of the textile machinery operations into the staple fibres and man-made fibres/continuous filament divisions.
- 1987 Long staple spinning operations discontinued.
Rieter Holding Ltd. acquires a majority interest in Schubert & Salzer Maschinenfabrik AG, Ingolstadt (Germany).
- 1988 Purchase of Chemiegesellschaft Gundershausen (Germany) for noise control and thermal insulation using foamed plastics.
- 1990 Training centre opened to provide basic and further training of customers and company personnel.
- 1992 Acquisition of Automatik-Apparate-Maschinenbau GmbH in Grossostheim (Germany).
- 1994 Purchase of Firth Furnishings Ltd. (UK) for preformed carpets to round out the Unikeller product range.
Joint venture agreement with Jingwei covering the Chinese market.
Acquisition of Elitex, Usti nad Orlici in order to utilize the Czech market and OE rotor know-how.
- 1995 Rieter celebrates its bicentenary (1795–1995).

Acknowledgments

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Photo credits

Rieter Archives, Winterthur Municipal Library, Schaffhausen Municipal Archives;

Thomas Cugini, Karin Hartmann, Patrice Heilmann, Jürg Schmid, Christian Zocher, Georg Theiler, Schaltag, Steve Fincher, Lakshmi, Rieter-Scragg, Rieter Ingolstadt, Bayer advertising agency, Interkeller.

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