

ENCIRC¹

Quinn Glass was one of the most valuable divisions in the business empire of Fermanagh² entrepreneur Seán Quinn. In April 2011, control of Mr. Quinn's business was transferred to a consortium of investors that included the Irish Bank Resolution Corporation (IBRC). Rebranded as Encirc, the Spanish Vidrala acquired Quinn Glass in 2015.

By the end of 2014, Encirc Limited was a leading manufacturer that provided packaging solutions (mostly glass) for a strong customer base within the Irish and UK food and beverage markets. It had a turnover of 218 million GBP (270 million EUR) and an EBITDA of 44 million GBP (EUR 54.6 million).

Encirc had two state-of-the-art manufacturing plants, one in Derrylin, Northern Ireland, and the other in Elton, Cheshire, England. Both manufactured glass containers for the UK and Irish markets. The Derrylin plant had started to operate in 1998, being the first new glass container plant to open its doors in the Irish and UK markets in over 30 years. Only seven years later, Encirc was able to expand and open the factory in Cheshire, England, thanks to the ongoing support of its customers and the resulting growth. This plant, known as the Elton plant, opened in 2005 and was the largest in Europe. It supplied international brands with a unique supply chain proposition.

With an investment of over 325 million GBP (403 million EUR) and the latest groundbreaking technology, the Elton plant offered not only glass manufacturing but also bottling (product filling), bonded storage³, and distribution within the UK, Ireland, and mainland Europe. Encirc's ability to combine product design, packaging

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² County Fermanagh is one of the six counties of Northern Ireland. The county covers an area of 1,691 km² (653 sq mi) and has a population of about 61,805. Fermanagh is one of the thirty-two traditional counties of Ireland and is within the historic province of Ulster.

³ A bonded warehouse or bond is a building or other secured area where dutiable goods may be stored, manipulated, or undergo manufacturing operations without payment of duty.

manufacture, and beverage formulation along with filling and logistics services was unique in the global beverage industry.

Encirc was the only company in the world to offer a comprehensive (360°) supply chain for the beverage industry, which clearly benefited its customers in aspects such as cost reduction, increased supply security and product integrity, much faster response times to market, reduction of unnecessary road miles, etc., all in an environmentally sustainable way. Encirc also offered training and technical support to increase glass container manufacturing productivity to companies outside the UK and Ireland. By the end of 2014, Encirc had the capacity to produce over 2.5 billion glass containers per year and bottle 270 million liters of the beverages it received in bulk. Adrian Curry, Encirc's Managing Director, said:

"It has been a long and successful journey. I was part of the team that took the business from being a start-up in 1998 to having over 32% of the UK and Irish markets combined today. Since I was appointed Managing Director in 2004, I have overseen the development of Encirc, which has so far involved an investment of 465 million GBP (575 million EUR). We now have a world-class team, state-of-the-art technology, such as Krones⁴ packaging equipment, and strategic partners like Emhart Glass⁵."

With the growing globalization of the beverage market, it began to be necessary to transport products to increasingly distant markets, and that concerned Adrian Curry:

"This can lead to cost escalation, increased carbon emissions, and reduced energy and supply chain efficiency. Overheads within the supply chain also escalate due to tax and fuel price volatility. As a result, an increasing number of producers are turning to bulk importing and bottling at destination as a more efficient and environmentally sustainable route to market."

THE ORIGINS

Seán Quinn

Seán Quinn was 68 years old in 2015 and came from a very humble social background. His family had a farm of about eight hectares in Co. Fermanagh in Northern Ireland, near the border with Co. Cavan in the Republic of Ireland (see exhibit 1).

After his father died at an early age, Quinn took charge of the family farm. It was a very small farm, even by Irish standards, but it had sand and gravel deposits. As a young man,

⁴ Krones AG is a German manufacturer of packaging and bottling equipment. It is the world's leading manufacturer of lines for filling beverages in plastic or glass bottles and cans.

⁵ Bucher Emhart Glass is a company with a rich heritage and a long tradition of excellence. Its founders laid the foundation for automation in glass manufacturing, placing Emhart on the scene of market-leading innovations for nearly a century.

he borrowed enough money to buy equipment to extract and wash sand and gravel and sell these materials to the local authorities, farmers, and builders. He himself drove the truck for his business, which he called *Seán Quinn Quarries*, a high-flown name that probably overstated what he actually had but spoke of his ambition. Quinn may have dropped out of school at age 14, but he was a smart and enterprising young man.

Very soon after establishing the business, he realized that he was selling off and depleting his resources. Instead, he could add value to the materials by manufacturing concrete products and moving up the supply chain. His next step was to manufacture concrete blocks, roof tiles, and hollow-core concrete slabs.

At that time, there was only one brand of cement in the area. The cement market in Ireland was a virtual monopoly just waiting for someone to break it, and that is precisely what Quinn did. Quinn Cement became the model for his business approach: finding a closed market sector that was divided among few players and opening it up by improving service and lowering prices.

After cement, he turned his attention to the insurance industry with Quinn Direct. Then came glass, heating radiators, plastics, and other businesses. With his record of success and his can-do and enterprising attitude, banks gladly backed all his ventures, even when these entailed more risk for them.

The company was huge, employing over 5,000 people. Many of them came from his home area, straddling a border that both Northern Ireland and the Republic of Ireland had forgotten. The insurance arm of Quinn's empire grew to become one of the country's most successful insurers. By 2008, it was Ireland's second-biggest insurer and accounted for half of all the Quinn family's revenues.

Quinn also entered the hotel and real estate business with the parent company, Quinn Group, and built up a substantial property portfolio. He had over 70 companies in 14 different countries. This portfolio had an estimated value of about 500 million EUR and included the Kutuzoff Tower block in Moscow that, according to the BBC, generated an annual income of 22 million USD; a large shopping mall in Ukraine that produced a similar income; and the Belfry hotel in England and several other hotels in Eastern Europe, including the Hilton in Prague, where Quinn was a personal host to U.S. President Barack Obama.

According to Forbes magazine, with an estimated personal wealth of over 3 billion EUR, Seán Quinn was the richest man in Ireland in 2008. He remained a countryman of uncomplicated tastes who enjoyed sport (he had been captain of the Fermanagh Gaelic soccer team), a pint at the local pub, and a weekly game of cards (where the stakes were pennies) with old friends.

Quinn seemed to have the golden touch for business. He was a hero not only to the people in Cavan and Fermanagh, where his business empire was headquartered but also