



(Courtesy of NewCo)

Rainer Busch and his leaf team inspecting hand strip packing at one of the Indian facilities.

NewCo: Independent with a Passion

Thomas Schmid

With no tobacco stocks of its own to speak of, independent supplier NewCo nevertheless enjoys tremendous respect in the industry as a transparent and reliable facilitator and mediator that brings together sellers and buyers from around the globe.

If it hadn't been for his paternal grandfather, Rainer Busch might perhaps never have become involved with the tobacco industry at all. "I wanted to study economics and law and had no interest in the tobacco trade," recalls the sole owner and managing director of NewCo Global Tobacco Service & Trade GmbH. But the old man had come across a newspaper article in which Bremen-based Gebrüder Kulenkampff GmbH (GK), a tobacco trading firm since being bought out by Universal Leaf, said it was looking for apprentices in foreign tobacco trade. "In order not to disappoint my grandfather, I submitted my application and was invited in for an interview," Busch explains.

He must've made quite an impression, because he landed the job and spent his first couple of

years at GK's operation in Brazil. Subsequently traveling the globe on behalf of the company, he further honed himself in every aspect of the trade, from buying to grading, processing to selling tobacco. "In 1990 I became managing director for GK in Argentina and in 1991 received full power of attorney," recounts Busch. After GK was sold to Universal, he joined Dibrell in Italy in 1994 as managing director, working his way up to eventually become senior vice president for operations and business planning, overseeing the CEE and CIS territories. "This is how it all started, and honestly, I have not regretted one single moment and would take the same decision again if my grandfather nudged me to it. The tobacco world is unique," reflects Busch.

Today the Bremen native is of course successfully running his very own tobacco trading company, NewCo, which in its early precursor set-up was founded as far back as 2005. It has since expanded considerably, today maintaining offices in Germany and Singapore. NewCo, by the way, is not an abbreviation for “new company” as some may assume, but according to Busch in fact stands for “new concept”. The moniker indeed alludes to the very core of the firm’s business philosophy and strategy. “This ‘new concept’ which I had laid out from the very beginning was to offer SME tobacco suppliers a sales and marketing cooperation at no charge while working very transparently with and for them and their clients,” Busch elaborates. In other words: Instead of charging traders a fixed cost for services rendered, they are supported by the NewCo team free of charge, representing them around the globe and facilitating sales. Only when a deal is concluded and



(Courtesy of NewCo)

Rainer Busch, owner and managing director of NewCo

the respective supplier has received payment is NewCo entitled to a commission. “Our motto is and always has been: ‘No success – no cost’,” Busch sums it up.

This rather unique approach allows NewCo to carry a very broad product portfolio without actually maintaining extensive stocks of its own or having to rent expensive warehouse space. “We see ourselves to be more of a neutral counselor mediating and facilitating between sellers and buyers, suggesting to the latter the right choice of product regardless of origin.” To ensure this global access to pretty much any type of raw tobacco product, the company over the years has partnered with suppliers in practically all major export markets.

Yet Busch admits that it sometimes is difficult to explain to potential buyers that NewCo is acting as the de-facto sales and marketing arm for its affiliated suppliers. “I occasionally still hear statements [from some of them] that they only buy from leaf suppliers that have their own threshing facilities and maintain farmer contracts in the regions of origin, not realizing that we indeed are the sales organization for such companies. Yes, we do not actually hold the stock nor do we thresh or have contract farmers, but our supply partners do.”

In 2008, NewCo established its Singapore office, incorporating it as NewCo Leaf Asia Pte. Ltd. in order to gain access to the Asian market, a move that Busch found imperative for his company’s continued development. “[Asia] is obviously the market with the highest growth potential [globally]; or at least it is unlikely to decline at the same rate as other territories,” he says. “With our Singapore office we’ve ensured a stronger presence there.” The company now sources product from various origins in the Far East and also is cultivating several Asian clients. “I am convinced that our business can expand further in this region by building trust and proving that NewCo’s services are highly professional and uncompromisingly reliable.”

But despite NewCo’s forceful push into Asia, Busch still regards Europe as his company’s key market. “If I had to pinpoint a key market, I’d still choose Europe,” he ascertains. The reason for this is two-pronged. In 2013, NewCo actually launched its very own DIET facility, which is installed on the premises of Continental Tobacco in Hungary. “Continental Tobacco is an investment partner with a 40% share, while my former business partner in NewCo, Birgül Sandal [who parted ways with Busch in June 2017], and I each hold 30 per cent.”

According to Busch, that investment – which surely ought to be an absolute first for any company of NewCo’s caliber – has apparently paid out beautifully as it has attracted a lot of business “mainly from European clients”. “It’s probably due to the

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NewCo booth at a trade show in Indonesia

plant's location in Hungary and thus its proximity to both EU buyers and suppliers," he says, adding that "our [company's] long history of working within and being part of the EU also plays a role, as it has fostered trust and created relationships."

The second reason why Busch accords such great importance to the European market are the cooperation partnerships that NewCo has forged with two major European entities in 2017. "Last year we started to cooperate closely with the German Tobacco Farmers' Association [EZG] as well as Italian processor, FC Verona [FCV]." While EZG represents Germany's tobacco farmers and their produce and FCV provides the processing facilities and shipping logistics, NewCo assists with marketing and sales.

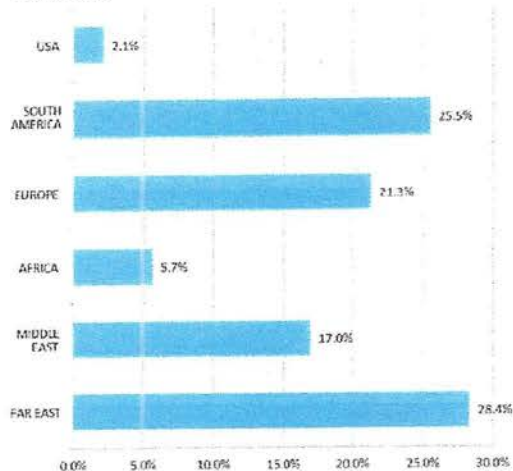
"The main goal of this joint enterprise is to make German tobaccos available to clients under full transparency. We can either supply 100% pure and thus relatively pricey German tobaccos or alternatively also have the capabilities to blend German tobaccos with produce from other origins to provide the client with a quality-to-price ratio that suits them best," he says, adding that most of the clients are manufacturers of shisha tobaccos.

NewCo has for the past several years been actively supporting the Dakshinya Institute for the Mentally Handicapped in Guntur, India, as part of the company's social responsibility policy.



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Sources



Under the declared transparency policy, he also hopes that the tripartite is going to succeed in helping weed out an unfortunately rather persisting dishonest practice among many shisha tobacco marketers. "Too many games are still being played in which shisha tobacco products are labeled as being purely of French or German origin, when in fact the blend mostly contains tobaccos of lower quality and only a small portion is actually from Germany or France."

But it's not all just mere business for Busch, the NewCo team and the company's supply partners. Social development issues are high on the agenda as well. Considerable donations and active engagement in a variety of projects are aimed primarily at underprivileged or physically disabled children and their families. "For example, together with our Indian partner S.B. Impex we sponsor two schools in the city of Guntur, and in the Bangladeshi region of Kushtia, NewCo has built and equipped a polyclinic adjacent to the factory of our partner Biswas Tobacco, so that the nearby village from which many of the workers and their families hail finally gained access to a doctor and primary medical care." The company is currently also exploring the idea of building yet another school in India. "What seems little for some, means a lot for others and can change so much," Busch philosophizes.

And when it comes to securing the future of NewCo, Rainer Busch has taken care of that, too. His wife Susanne, who has informally assisted him with his business from the very beginning, is now officially handling the company's administration and finance. And just last year, the couple's daughter Teresa joined as well for a 2-year trade and retail management internship. "She later wants to pursue a master's degree in management," says Busch. But of course he hopes that afterwards she will stick around with the tobacco industry and eventually take over the company.

And to think that it all once began with grandfather's good advice... —