



Christian Brückner
with the assistance of Markus Brückner

On His Own Strength

A Retrospect at 100 Years Company Development
of Fr. Sauter AG, Basel



On His Own Strength
History of Fritz Sauter's lifework

A Retrospect at 100 Years Company Development
of Fr. Sauter AG, Basel

by Christian Brückner
with the assistance of Markus Brückner

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English Translation of the Book
*“Aus eigener Kraft
Rückblick auf 100 Jahre Firmengeschichte
der Fr. Sauter AG, Basel”*

CONTENTS

Preface

Sources and Acknowledgements

First Chapter: 1910-1949 (The Fritz Sauter Era)

Fritz Sauter: Youth and Journeyman Years

The Step into Self-Employment: Development and Sale of his Own Product in a Small Workshop (1910-1913)

End of self-employment and beginning of Industrial Production at the Angenstein Wall Clock Factory (1914-1916)

Departure from Angenstein and New Freedom in His Own Company (1916-1920)

Connection with the Rudolf Gengenbacher Family as Financier (1916)

Boiler Production (from 1917) and Relocation to the Company's Own Factory Buildings at the Present Site (1919)

Further Capital Requirements and the Founding of the Joint-Stock Company

The Company from 1920-1949: Growth and Prosperity During the Fritz Sauter Era

Second Chapter: Retrospectives and Perspectives (1949)

Development of the Product Range, 1910-1949

The Personality of Fritz Sauter

The Apprenticeship System at Fr. Sauter AG

Chapter Three: 1949-1956

Turmoil After Fritz Sauter's Death - Takeover Attempts by Elektrowatt AG

Formation of the Pool to Defend Against Elektrowatt AG

Division Within the Board of Directors (July to December 1956)

Final Attempt at the Major Capital Increase (Autumn 1956)

End of 1956: The Clavel/La Roche/Elektrowatt Group Turns Its Back on Sauter

Chapter Four: Retrospectives and Perspectives (1956)

Adam Helfenstein

Lack of Succession Planning and Aging Leadership as Causes of the Difficulties

Chapter Five: 1957-1999

The Saxer/Bruggmann Era (1957-1970)

On the Personality of Ernst Saxer

The Fehr Era (1970-1989)

The Third Finexport Lawsuit (1978-1979)

Foundation of Fr. Sauter Holding AG (1984) and Failed Attempts to Separate from Landis & Gyr

The Failed Stock Exchange Listing (1987)

The Brückner Era (1975-1999)

Chapter Six: Retrospectives, Perspectives (1999)

Development of the Product Range - Part Two

Energy Technology - Sauter's Product Range for Power Plants (1910-1992)

A Brief Success: The Fully Electronic Remote-Readable Electricity Meter (1987-1992)

Establishment of the New "Components" Division (1993)
Water Technology (1948-1996)
Memotime (from 1981 onward)
The Core Business: Climate Control in Large Buildings (1935 to the Present)
Development of Sales
The Subsidiaries in France and Germany
a) France
b) Germany
Dark Days

Chapter Seven: 1999-2010
The Merker/Graf Era (1999-2009)
New lineup (August 2009)

Chapter Eight: Retrospectives, Outlooks (2010)
Sales development 1916-2009
Annual sales 1916-2009
Share of Foreign Business 1916-2009
Lessons from History
a) Age Structures
b) Nepotism
c) Rivalries Within the Family
d) The Fates of Others (Landis & Gyr, Elektrowatt AG)
Outlook

Genealogical Appendix: Sauter Family History

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Preface

The third generation of shareholders is approaching retirement. For more than sixty years, no descendant of the company founder, Fritz Sauter, has held the top operational position as CEO. For the past ten years, descendants have also no longer been represented in other operational functions within the company. The fourth generation consists of ambitious young professionals, although it is currently still unclear who will represent the shareholder families on the Board of Directors in the medium term. The 100th anniversary must therefore serve as an occasion to reflect on the future of Fr. Sauter AG and the role of the shareholders.

Ernst Saxer used to say about the Sauter company that an independent company was "something beautiful". Out of this conviction, he committed himself to preserving the company's independence, even though he did not belong to the founding family. In doing so, he set an example that ownership in the Sauter company is not merely a financial investment and that shareholders are not merely investors, but people to whom the long-term well-being of the company matters more than dividends and stock market gains. The company will thrive as long as the shareholders regard their participation primarily as a responsibility and only secondarily as a capital investment.

The following company history presents two negative examples, namely the fates of *Elektrowatt AG* Zurich and *Landis & Gyr AG* Zug. Both companies attempted in succession to take over Fr. Sauter AG. Their own histories prove the empirical fact that the sale of a company to a competitor usually leads to the dismantling of one of the two companies. As a rule, the sold or acquired company fails, while the majority of its employees subsequently lose their jobs. In the case of Landis & Gyr, the debacle began only one year after its sale to Elektrowatt; in the case of Elektrowatt, it came three years after its sale to Siemens.

At one time, the Sauter company itself was also supposed to be sold to Elektrowatt at the request of a minority of shareholders. This was more than fifty years ago. The majority shareholders at the time fought a defensive battle, although none of them were operationally active in the company and although it was uncertain whether anyone from the founding family would follow. This defensive struggle was motivated by a sense of duty toward a company they had inherited and for which they therefore felt responsible. As an investment, Sauter was not profitable for shareholders at that time; later on, this was often also the case. Yet there were always periods - and the present belongs among them - in which shareholders could say that their assets could not have been invested better anywhere else than in Fr. Sauter AG.

Dr. Andreas C. Brunner-Gyr, long-time president of the Landis & Gyr Group and in this capacity a powerful opponent of Fr. Sauter AG, calculated in 1982 that Sauter shareholders would have become wealthier if they had exchanged their Sauter shares for Landis & Gyr shares in 1957 and sold them on the stock exchange twenty-five years later. Mathematically, Brunner was right. But this capital gain did not interest the shareholders of Fr. Sauter AG at the time. Besides, it is pointless to formulate recommendations for capital gains in hindsight.

The first task of Sauter shareholders today and in the future is to practice solidarity among themselves and to stand together with a clear ownership strategy.

The second task is to ensure good corporate leadership at all times, meaning that personnel decisions at the level of the Boards of Directors of Fr. Sauter Holding AG and Fr. Sauter AG must be made in such a way that these bodies possess the necessary professional competence and work together constructively.

A third point is the consensus that has now been reached that no one from the shareholder families should work operationally in the company as long as the framework conditions are not clearly defined. The combination of owner and employee interests can lead to conflicts of interest in view of today's broad distribution of share ownership, which may harm the welfare of the company.

The history of the company shows that many people in their respective times made decisive contributions to the welfare of the company. They came, made their contribution, and departed again. Since the death of Fritz Sauter, no one can claim to have made the sole or most important contribution to the flourishing Sauter company of today. Over the course of one hundred years, the company has demonstrated continuity and taken on a form that far exceeds the will and abilities of any individual.

From this follows the fourth task of the shareholders, namely to exercise restraint in their price demands when leaving the circle of shareholders. Such restraint used to be a tradition at Sauter. It is a prerequisite for the company to remain independent in the long term. The Gengenbacher and Saxer families, as well as the descendants of the Hans and Ernst Bernet lines, consistently sold their shares at "family prices" to those shareholders who were prepared to continue the company, usually at the respective tax value. For the acquiring shareholders, this created the obligation either to support the continuation of the company or likewise to withdraw at "family prices". In this way, it remained affordable for those wishing to continue the company to keep the capital together.

Whether this will always succeed in the future remains an open question. Such uncertainties also existed in the past, at times more pressing than today. Precisely for this reason, it is worthwhile to continue the path that now spans one hundred years. Strong personalities with the ability to integrate others can appear unexpectedly. Since capable and loyal people repeatedly took on their responsibilities at Sauter at the right time over the past hundred years and pointed the company in the right direction, there is justified hope that the company will preserve its strength and independence in the decades to come.

Sources and Acknowledgements

The most important source for the present work is the commemorative booklet "*Dr. h.c. Fritz Sauter - seine Heimat, sein Leben und sein Werk*" (Dr. h.c. Fritz Sauter - His Homeland, His Life and His Work"), which his brother-in-law Hans Roth-Bernet wrote in 1961 on the basis of documents and memories from family members.

Among the materials available to ROTH, and on which this work is also based, are two manuscripts by Fritz Sauter: one from autumn 1937 for a lecture before the Basel Rotary Club and one from April 1944 for a speech to the newly founded workers' committee of Fr. Sauter AG. It appears that Fritz Sauter wrote down both texts largely from memory, which led to inaccuracies. For example, the strike at Fr. Sauter AG is dated to 1921 in the speech to the workers' committee, whereas in the Rotary lecture it is placed in 1922. Finally, another valuable text should be mentioned: "*Historical and General Information about the Company Fr. Sauter A.G. Factory for Electrical Apparatus in Basel*", probably written around 1947 by Fritz Sauter¹, which is referred to below as the "1947 manuscript".

The present work also relies on the Sauter House Journal ("*Hauszeitung*") published quarterly since 1948, on the memoirs written down by Christian Bernet in 1960, on the author's own notes and correspondence, and on conversations with participants, especially with the author's mother, Margaretha Brückner-Sauter, since 2003. In addition, minutes and correspondence from the company archives of Fr. Sauter AG Basel, Sauter-Cumulus GmbH Frei-

¹ The style and personal recollections indicate Fritz Sauter as the author. Since the Workers' Commission, founded in 1944, is mentioned, the text must have been written after 1944. The reference to the boom, because of which the company would "today" have to be three times larger in order to satisfy the enormous demand, points to the first three postwar years. The strong emphasis on the company's social benefits suggests that the text formed the basis for a speech by Fritz Sauter to the workforce, possibly in connection with one of the two excursions in 1947. - On July 5, 1947, Fritz Sauter organized a "trip into the blue" to Seelisberg with a hike to the Rütli meadow in celebration of his 70th birthday, to which the entire active workforce of around 1,200 people was invited. Together with the pensioners, who were not to be excluded, he traveled in the autumn of the same year via Grindelwald to the Jungfrauoch.

burg im Breisgau, and from the estate of Walter Merker-Sauter were used. Numerous references and documents provided by the author's brother Markus Brückner and by Messrs. Christian Riesen, Ernst Fehr, Helmut Gilch, Franz Nick-Bernet, Franz Martin Nick-Imboden, and Willy Langbein were also incorporated. They, as well as the other helpers, deserve heartfelt thanks at this point. Thanks are also due to Government Councillor Hanspeter Gass for granting free access to the Basel-Stadt notarial archives.

First Chapter: 1910-1949 (The Fritz Sauter Era)

Fritz Sauter: Youth and Journeyman Years

Fritz Sauter (17 July 1877 - 26 January 1949²) grew up under the care of his parents Jakob and Susanna Sauter-Bohren together with his older sister Ida in Grindelwald in the Bernese Oberland³. His paternal grandparents had distinguished themselves by introducing new forms of fruit cultivation from their southern German homeland into Grindelwald. Fritz Sauter's mother Susanna was "*extraordinarily practical, skillful with her hands, inventive, and full of energy*"⁴. In addition to farming, his father operated the village tannery. This made Fritz somewhat different from his schoolmates, whose parents were exclusively farmers. He went to school with a leather satchel, which for the son of a tanner was nothing unusual, but which stood out at school. He was also the only one among his classmates who owned his own ice skates⁵.

The few surviving letters and documents as well as the remaining memories portray Fritz Sauter as a person with extraordinary talent for mathematics and technology, as well as far above-average practical intelligence. The secondary school teacher Jakob Stump in Grindelwald recognized this talent and advised young Fritz to study electrical engineering at the Polytechnic University in Zurich (today's ETH). Fritz Sauter would gladly have pursued this path. However, a university education went beyond the future envisioned by the tanner family from Grindelwald for their son. His professional training was therefore limited to attending the technical college in Burgdorf, where he obtained a diploma as a mechanical technician in 1897 and as an electrical technician in 1898.

With unwavering self-confidence, he envisioned an independent career as a technical inventor and entrepreneur from an early stage. Therefore, it was also clear to him that he wanted to pursue a professional path for which there were no prospects in Grindelwald. Without support from his parents, he organized a stay in French-speaking Switzerland in order to prepare linguistically for his professional future.

Since his secondary school years, Fritz Sauter's interest had focused on *electrical engineering*. The electrification of Europe had begun shortly after his birth year. From around 1880 onward, isolated power grids existed in a growing number of cities around small direct-current power plants. The first application of electricity was lighting, which is why power producers initially had their main load at night and could hardly sell their daytime electricity. Only shortly before 1900 did the demand for industrial daytime energy exceed nighttime consumption for lighting. As a result, the tariff structure reversed: daytime electricity became scarce and expensive.

The two major German electrical corporations *Siemens* and *AEG* were founded in the decade between 1880 and 1890. In Switzerland, the electrical industry gained a foothold through various company foundations, such as *Brown Boveri & Cie.* in Baden (1891) and the *Electrotechnical Institute Theiler & Co.* in Zug (1896), from which *Landis & Gyr AG* emerged in 1905.

In 1895, the German AEG, together with a banking consortium led by Schweizerische Kreditanstalt⁶, founded the *Bank für Elektrische Unternehmungen (Bank for Electrical Enter-*

² The date of birth is given in the commemorative booklet by HANS ROTH from 1961, p. 26, as July 18, 1877, while in most other places it appears as July 17, 1877. - The discrepancy is explained by the fact that Fritz Sauter's family had previously celebrated his birthday on July 17. Fritz Sauter checked his date of birth in the civil registry and discovered that it was July 18, 1877. This led to uncertainty regarding his actual birth date. Thereafter, the birthday was celebrated alternately on July 17 and July 18.

³ For the early history, childhood, and youth of Fritz Sauter, see the account by MARGARETHA BRÜCKNER-SAUTER dated March 31, 1990, printed in the genealogical appendix.

⁴ Cf. the description of Fritz Sauter's parents in the genealogical appendix.

⁵ Cf. the commemorative booklet by ROTH (1961), p. 27.

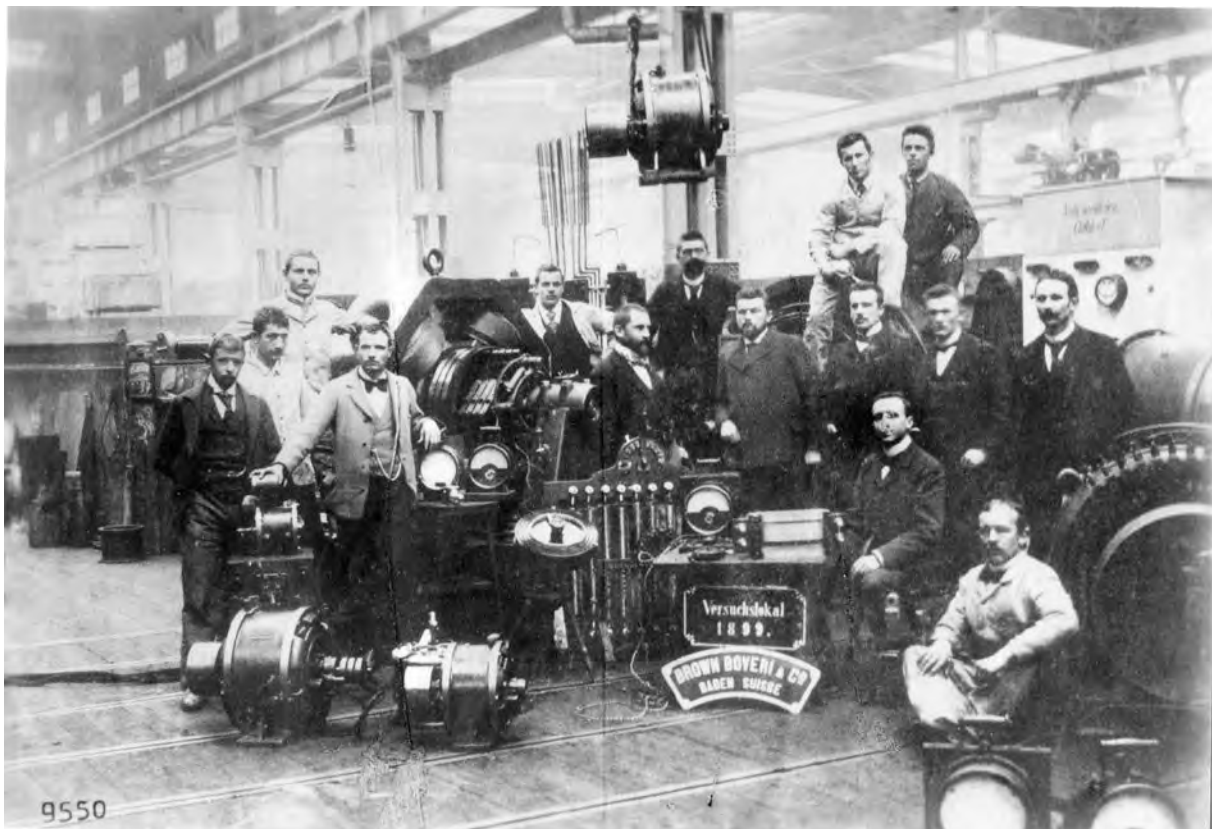
⁶ Today CREDIT SUISSE (update 2026: today UBS).

prises) based in Zurich, which financed, among other things, the construction of the German-Swiss hydroelectric plants Rheinfelden (1898), Augst-Wyhlen (1912), and Laufenburg (1914). During the First World War, it passed entirely into the ownership of Schweizerische Kreditanstalt, was renamed *Elektro-Watt Elektrische und Industrielle Unternehmungen AG* in 1946, and from 1953 to 1998 played a role in the history of the Sauter company.

According to the online *Historical Dictionary of Switzerland*, around 1900 Switzerland was the most electrified country in the world and had the highest kilowatt consumption per capita.

Grindelwald also received electric power. Although the *Bernese Oberland Railway* (BOB), opened in 1890, was not electrified until 1914, construction of the Lütchinen power plants to supply the planned *Jungfrau Railway* (JB) had already begun in 1896, because the railway, with its long and steeply ascending Eiger Tunnel, could not operate with steam locomotives.

Already with the beginning of his first employment at Brown Boveri & Cie. AG in July 1898⁷, at the age of 21, Fritz Sauter stood out through proposals for technical improvements to BBC operations and products. This was partly perceived as presumptuous know-it-all behavior⁸, but it quickly earned him recognition within the company: after the first year he was promoted to the development department, and after the second year he moved into field service as an independent installation engineer.



BBC Development Department, 1899, Fritz Sauter third from the left, in a white coat

⁷ Cf. Sauter House Journal no. 93, July 1985, p. 5: "After various internships and the final examination at the technical college, he began his eleven-year employment at the Brown-Boveri machine factory in Baden in July 1898." - The eleven years mentioned here are probably an error. - In his address to the Workers' Commission in 1944, Fritz Sauter himself described his departure from BBC on July 1, 1910, as having occurred "after twelve years of service", which likewise points to 1898 as the year he joined BBC. The ROTH commemorative booklet (1961), p. 32, dates the electrical engineering diploma in Burgdorf to August 20, 1898, suggesting that the position at BBC was taken shortly before receiving this diploma.

⁸ Cf. ROTH, p. 33.

In this role, he had to ensure that BBC systems functioned properly at the customer's premises and secured their acceptance. Completely on his own, without an accompanying team of assistants and specialists, Fritz Sauter fulfilled this task worldwide - from the age of 22 until he became self-employed, thus for around ten years. He traveled to the Far East, Africa, North and South America, as far as Chile. Doubts or feelings of insecurity seem never to have burdened him. He was always convinced that he would find a solution on site for every technical problem and, if necessary, rebuild the systems delivered from Switzerland himself until they functioned properly.



Fritz Sauter (far right, with a shield cap), around 30 years old, on the deck of an ocean liner

His report from Santiago de Chile in 1906, where he experienced two successive severe earthquakes, shows him as a fearless young man focused on facts. He must already have been determined at an early stage to become self-employed as soon as the right moment arrived. From Chile, in 1906, he inquired about a tender issued by the Interlaken waterworks, in which he wished to participate on his own account. A letter addressed to his family in Grindelwald conveys an impression of his character:

Santiago, 6 October 1906

My dear ones,

I have just received your letters of 15 and 25 August and hasten to reply before it is postponed again for too long.

As I have meanwhile learned from other sources as well, the European newspapers initially greatly exaggerated the earthquake. In Valparaíso it was indeed terrible, far worse than in San Francisco - people speak of around 10,000 dead - but Santiago was only lightly affected in comparison.

The earthquake itself was, of course, dreadful, but it is incomprehensible how the newspapers could report that Santiago lay in ruins.

Later I reproached myself for not having telegraphed earlier; the catastrophe occurred on Thursday evening, and I only sent a telegram on Sunday. But during the first two or three days there was such complete disorder, and the telegraph offices were so overloaded, that one could not be sure whether dispatches would even be sent.

Most houses suffered severe damage, and especially the massive large buildings suffered the most. If another earthquake of similar strength were to occur, Santiago too would collapse. The houses are now being repaired as best as possible; cracks in the room walls are simply covered with new wallpaper, and if someone no longer entirely trusts his house, he advertises an "earthquake-proof" property for sale in the newspaper. That is simply how things are done here in Chile.

The house in which I am staying suffered no damage whatsoever; it has only one floor and is very solidly built, namely with timber framing and brick infill. This method of construction proved to be the best because the wooden beams hold everything together.

What an earthquake is like and what feelings it evokes is difficult to describe; pleasant it certainly is not. I happened to be standing in the street and was seized by the fear that the ground might open beneath me, which is why I stood straddling the tram rails in the hope of being able to hold onto them. One had to spread one's legs in order not to stumble about entirely. What a relief it was when calm returned after four minutes.

For eight days nobody went to bed. In my boarding house there was every night a veritable barracks camp in a room near the entrance door. We kept watch in turns. The purpose of the watch was to open the doors immediately in the event of new tremors. During the first eight days there were more than fifty additional smaller shocks.

But enough of that; I shall tell the rest when I can report in person. The main thing is that calm has returned and everything is gradually returning to normal. I did not describe the matter to Mother in detail because I thought she would only worry unnecessarily. But it would be foolish to be anxious. Such things can happen anywhere and have also occurred in Europe. Lisbon, for example, was completely destroyed in the seventeenth century. By this I mean that the danger here in the future is no greater than elsewhere.

The matter concerning the Interlaken waterworks interests me, and I would naturally take care of it as soon as the right moment comes. Should the matter become serious, you could notify me by telephone so that I can submit an offer in time. Such dispatches are expensive, but in this case it would probably be worthwhile. The telegram I sent at the time to Brown, Boveri & Co. - "Am well, notify parents" - consisted of seven words and cost 52.50 francs. That is why I sent it to the company and not directly home, since in that way I could charge it to the company.

I still cannot say anything definite about my return, but it will probably not take place within the next two months.

At present I am carrying out a preliminary study for a nitrate company concerning a 120-kilometer electric railway. It is a project worth millions. Naturally, I am working toward Brown, Boveri & Co. obtaining the contract; perhaps something

may also come of it for me, even if it is only 1%. But please keep this strictly to yourselves.

The machine I installed here has been running since 1 September, but I still need to make one small modification. The acceptance tests will take place in November, after which I can depart. I shall make the return journey across the Cordilleras; by then they will be snow-free and passable, and one can reach Buenos Aires in two and a half days. ...



Series of Photos taken by Fritz Sauter himself on glass plates in Santiago de Chile 1906: The Santiago Tram, for which Fritz Sauter was working, before the earthquake



Santiago 1906: Damages after the earthquake of 16.8.1906 (Photo: Fritz Sauter)



Sanitago: Damages at the main building of the Chilean Electric Tramway and Light Company Limited, Estación Central (Photo: Fritz Sauter)



Return from Chile, crossing the Cumbre Pass to Argentina, End of January 1907 (Photo: Fritz Sauter)



Return from Chile, crossing the Cumbre Pass to Argentina, End of January 1907 (Photo: Fritz Sauter)

The Interlaken waterworks project never materialized for Fritz Sauter. He therefore remained in the service of BBC for another four years.

During his travels for BBC, he conceived the idea for the product with whose development and sale he ultimately became self-employed in 1910: the concept of a reliable and inexpensive time switch.

The Step into Self-Employment: Development and Sale of his Own Product in a Small Workshop (1910-1913)

At the end of June 1910, Fritz Sauter resigned from his position at BBC, returned to Grindelwald, and began his independent entrepreneurial activity there with the development of a time switch (also called a "switch clock").

It was a lonely decision by the then 33-year-old - a step that neither his family nor his acquaintances in Grindelwald could understand or approve of. Instead of building upon his good position at BBC and founding a family with the security of a salaried income, he withdrew from professional life, became unemployed, and shut himself away in a back room of his parents' house, where he occupied himself with technical experiments that no one understood and that appeared entirely unprofitable.

At that time, he was apparently regarded in Grindelwald as an eccentric dropout who henceforth lived at his parents' expense and therefore no longer came into consideration as a marriage candidate for any respectable girl in the village. No one - not even he himself - could then have foreseen that this withdrawal to Grindelwald into temporary unemployment would one hundred years later be celebrated by two thousand people as the anniversary of a company bearing the name Fritz Sauter.



The old “Gerbi”, where Fritz Sauter developed his first time switch; water colour painting by Karl Anneler (1886-1957); the painting was a gift of Rosa Sauter to her husband at his 50th anniversary in 1927

The development and testing of his first time switch, however, proved far more laborious and protracted than he had expected⁹. For almost three years he was unable to present any tangible results, earned no money, and was regarded by the villagers as a dreamer who, even beyond the age of 35, still stood without prospects.

An additional burden for Fritz Sauter was likely the uncertainty of whether established electrical companies with their entire departments of engineers and laboratories might outpace him and place equally good or better time switches on the market before he, as a lone fighter with modest means, could even produce a marketable product. With the development of the time switch, he placed his entire entrepreneurial future on a single card. His savings would scarcely have sufficed, in the event of failure, to attempt a second venture with another product.

But he was fortunate. By the autumn of 1912, he felt ready to begin production and sales - and there was still no competitor on the market who posed a threat to him.

A model from the first generation of time switches can today be seen in the Grindelwald Museum. It is a pendulum-driven time switch with manual winding. The clockwork is that of a so-called Neuchâtel pendulum clock, a type that was widespread in many households and produced in large quantities. The two spring-driven mechanisms - one for the movement of the hands, the other for striking the hours - served in Fritz Sauter's first product to drive the timekeeping and trigger the electrical switching impulses. Fritz Sauter purchased the clockworks as finished mass products from various suppliers.

Even his very first time switch was by no means a simple affair. It was a so-called *astromical* clock for the automatic switching on and off of municipal street lighting. With the aid

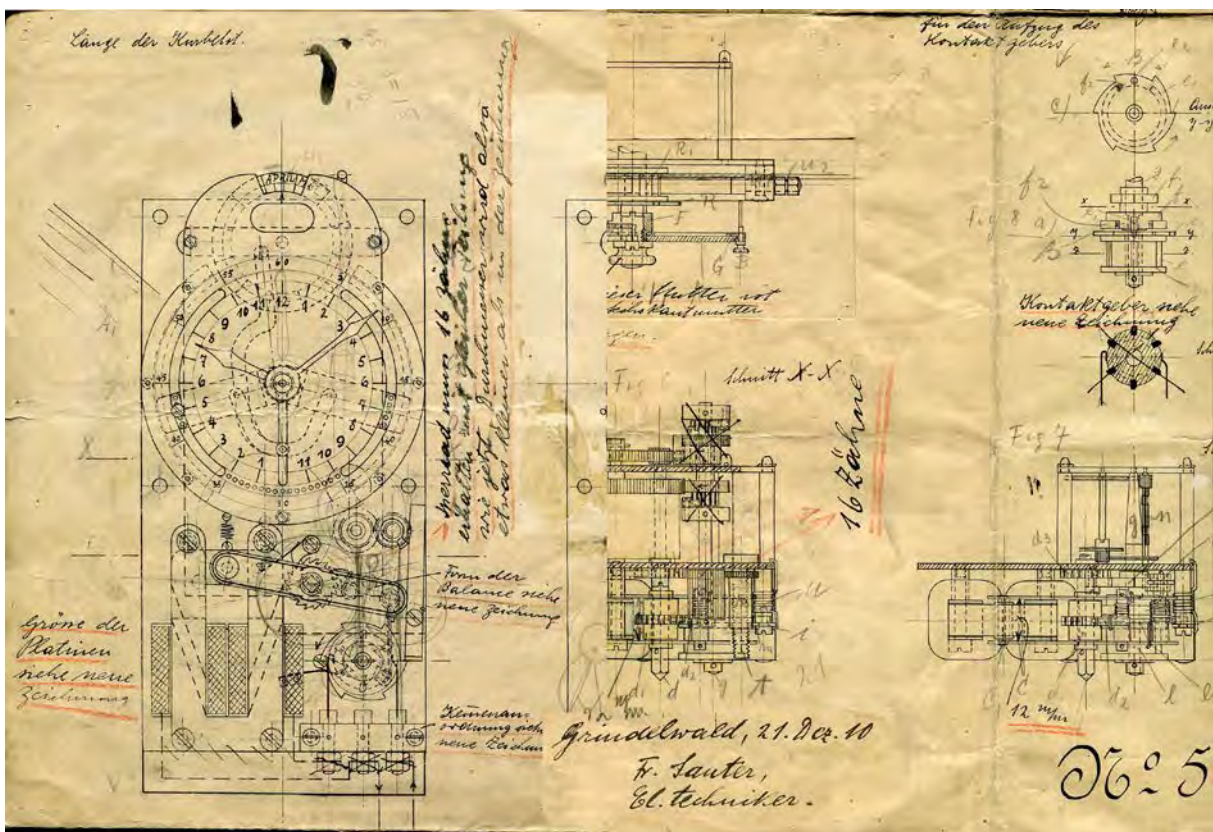
⁹ In his speech before the Rotary Club Basel in 1937, p. 4, Fritz Sauter wrote about that period: “Only after long and laborious efforts involving many experiments, designs, and reconstructions did I succeed in presenting a finished device. The constructions could be described as innovative for that time and surpassed competing products in terms of quality and practicality.”

of an egg-shaped disc that rotated once per calendar year, the daily switching times shifted continuously over the course of the seasons, so that the switching operations in the evening and morning always occurred at the respective twilight hour.

Fritz Sauter described and illustrated this first model in a printed advertising brochure from November 1913 entitled "Prospectus No. 1".

Apparently Fritz Sauter recognized early on that manual winding technology was inadequate. Lighting systems should not only be switched on and off automatically; the associated time switches should also rewind their springs automatically with the aid of a small electric motor once they had run down.

A surviving drawing bearing the number "No. 5" and the date December 1910 shows a time switch with an automatic electric winding mechanism for the spring drives. At that time, however, it was apparently not possible to obtain suitable clockworks into which such a device could be installed.



Drawing No. 5 from December 1910 (detail)

Fritz Sauter was likely occupied with the development of his first device type for about two years. Only afterward did he begin production and sales. This emerges from the memoirs written down by Christian Bernet in 1960:

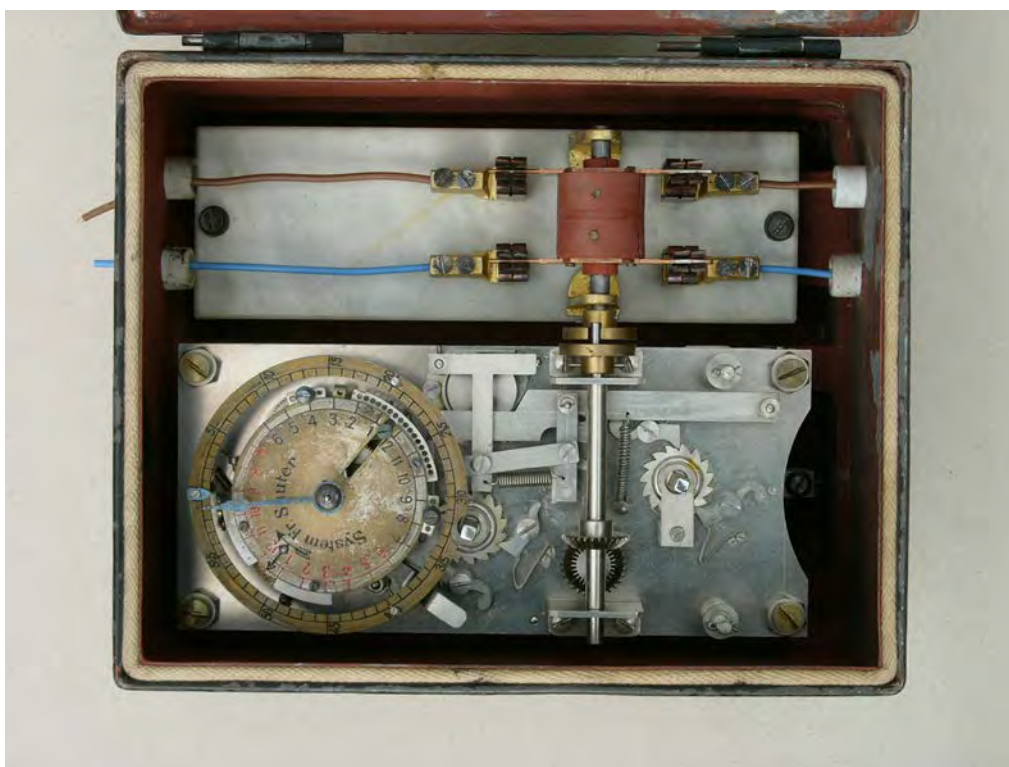
"In the summer of 1912, I happened to meet Fritz Sauter on the main street in Grindelwald. He told me about his plan to manufacture time switches for the automatic control of street lighting. He had already been working on their construction since the summer of 1910. Fritz Sauter suggested that I might help him.

On 1 September, I then moved with my bundle of clothes under my arm into the Gerbi, Fritz Sauter's parental home. He now became the master and I his first journeyman as a toolmaker and precision mechanic.

The machinery consisted of a foot-operated lathe, a hand-operated drill, a small hand punch, and sheet-metal shears. With this simple equipment, my life's work at Sauter began. By the end of 1913 we had manufactured around 150 devices, which sold well. After that we moved near Basel, since in Grindelwald it was impossible to find suitable skilled workers for this field."

During the first two years of his self-employment, that is, during the development of his first device type, Fritz Sauter lived as an unmarried man without income with his parents. He presumably paid for the necessary acquisitions out of savings from his earlier work at BBC.

Fritz Sauter seems to have been so obsessed with his technical talent and ambitions that his work occupied him completely and left no room for distractions.



Fritz Sauter's first time switch from 1912

Production and sales began in September 1912 with the hiring of his future brother-in-law Christian Bernet¹⁰. Christian Bernet remained Sauter's right-hand man throughout his life. In the sixteen months during which the two men worked side by side in the old Gerbi in Grindelwald, they produced, according to Bernet's recollection, around 150 devices - approximately ten time switches per month.

This suggests that each individual time switch required around 40 to 60 hours of labor. The clockworks, housings, and other components were purchased externally; the rest was manufactured in-house and assembled with meticulous manual craftsmanship. Sales were directed

¹⁰ Fritz Sauter's later wife, Rosalie (called Rosa) Bernet (1884-1965), was the fourth child, and Christian Bernet (1890-1979) the fifth, of eight children born to Peter Bernet and Elisabeth née Brawand from Stotzhallen in Grindelwald. - Christian Bernet later invested in the capital of Fr. Sauter AG. His daughter Hanni married an employee of the company, Franz Nick, who worked at Fr. Sauter AG from 1943 to 1963. Franz Martin Nick, son of Franz and Hanni Nick-Bernet, has been a member of the Board of Directors since 1995 and, together with Markus Brückner, managed the shareholder pool from 1999 to 2000.

toward electricity utilities. The number of customers was correspondingly small, as was the sales effort. There were no intermediaries.

In November 1913, Fritz Sauter had an advertising leaflet printed in order to sell the product to electrical utilities.

November 1913.
Nr. 1.

Fritz Sauter, Grindelwald

Fabrikation elektrischer Zeit-Automaten

zur automatischen Ein- und Ausdichtung von elektrischen Stromkreisen für
Straßenbeleuchtung, Motoren, Heiz- und Koch-Apparaten etc.

✱ Pat. D. R. P.

Vorteile:

- Mechanische Betätigung, daher von Stromart und Spannung unabhängig.
- Einfacher, verzugweise ablaufender Federmotor, daher kräftiger Schalter anwendbar.
- Handverstellung oder astronomische Selbstverstellung der Schaltzeiten.
- Sechswöchige Gedauer des Uhrwerkes sowie auch des Federmotors.
- Elektrischer Schalter und Schaltuhr getrennt in einem Gehäuse angeordnet.
- Auslös-vorrichtung des Federmotors sehr leicht gehend, daher ist der Gang der Uhr störungsfrei.


Diese Zeitschalter werden in verschiedenen Größen ausgeführt und bestehen aus einem elektrischen Schalter, der von einer Schaltuhr angetrieben wird, Schalter und Schaltuhr sind getrennt in einem durch Türe stauchdicht verschlossenen Metallgehäuse untergebracht.

Die Zeitschalter werden auch ausgeführt als: Umschalter für getrennte Ein- und Ausschaltung zweier oder mehrerer Stromkreise oder als Abschalter für gleichzeitige Ein- und getrennte Ausschaltung zweier oder mehrerer Stromkreise.

Die Schaltuhr enthält den zum Antrieb des elektrischen Schalters bestimmten Federmotor, dessen Gedauer bei zweimaligen Ein- und Ausschalten pro 24 Stunden zirka 6 Wochen beträgt und ein, den Federmotor überwachendes Uhrwerk, mit ebenfalls zirka 6 Wochen Gehzeit.

Die Schalter werden als Drehschalter angebildet; die Kontaktteile sind kräftig bemessen und die Kontaktfedern auf Isolierplatten montiert. Bei kleineren Typen sind die irdenden Kontaktmesser mittels Isolierrollen auf der Schaltwelle der Schaltuhr montiert, während bei den grösseren die Schalter eigene Lager haben und lose mit der Schaltuhr gekuppelt sind.

Die Schalter können dauernd mit der 1/2 fachen angegebenen Stromstärke belastet werden, ohne sich schädlich zu erwärmen. Auch Pol-distanz und Fachabstände sind reichlich dimensioniert.



Zweipoliger Apparat, 40 Amp, 250 Volt, mit astronomischer Selbstverstellung.

Nr.	Polzahl	Amp. bei	Volt bei	Preis Fr.	Gewicht ca. Kg	Dimensionen in mm.			Bemerkungen
						Höhe	Breite	Tiefe	
211	1	10	250	86	6,3	255	150	180	
* 221	1	20	250	105	7,3	255	189	140	
* 222	2	-	-	110					
223	3	-	-	120	8,3	-	219	150	
* 2212	1	-	-	118	7,8	-	180	140	Umschalter für 2 Stromkreise, schaltet getrennt ein und aus.
2224	2	-	-	185	9,5	-	240	150	
* 2213	1	-	-	118	7,8	-	180	140	Abschalter für 2 Stromkreise, schaltet gleichzeitig ein, getrennt aus.
2228	2	-	-	140	9,5	-	240	150	
* 241	1	40	250	115	8,3	255	210	150	
* 242	2	-	-	120					
241	3	-	-	132	9,5	-	240	-	
* 2412	1	-	-	128	8,3	-	219	-	Umschalter für 2 Stromkreise, schaltet getrennt ein und aus.
2424	2	-	-	145	10,5	-	270	-	
* 2413	1	-	-	128	8,3	-	219	-	Abschalter für 2 Stromkreise, schaltet gleichzeitig ein, getrennt aus.
2420	2	-	-	150	10,5	-	270	-	
541	1	40	500	135	8,3	255	210	180	
542	2	-	-	155	9,5	-	240	-	
543	3	-	-	180	10,5	-	270	-	
* 261	1	60	250	135	8,3	255	210	180	
* 262	2	-	-	155					
263	3	-	-	180	10,5	-	270	-	
* 2612	1	-	-	160	9,5	-	240	-	Umschalter für 2 Stromkreise, schaltet getrennt ein und aus.
2624	2	-	-	190	10,5	-	270	-	
* 2613	1	-	-	160	9,5	-	240	-	Abschalter für 2 Stromkreise, schaltet gleichzeitig ein, getrennt aus.
2628	2	-	-	195	10,5	-	270	-	
K	1 u. 2	20	250	-	7,5	340	185	180	Schmale Type, rüstet sich zum Einbau in Kasten etc.
		40	250	-	-	-	-	-	
		60	150	-	-	-	-	-	

Obige Preise gelten für Handverstellung; mit astronomischer Selbstverstellung Mehrpreis Fr. 12.50.
Bei Bestellung ist stets anzugeben ob mit Handverstellung oder astronomischer Selbstverstellung.
Die mit * bezeichneten Nummern werden auch als schmale Type geliefert; Mehrpreis 5%. Bei Bestellung ist K und betreffende Nummer anzugeben.
Ein- und Ausföhrung der Drähte ist normalerweise durchgehend oben und unten; auf Wunsch können sie auch seitlich rechts oder oben oder unten angeordnet werden; Mehrpreis Fr. 2.—
Wird der Aufzug von aussen zugänglich gewünscht, Mehrpreis Fr. 2.50.
Wird Schlangens in der Türe gewünscht, Mehrpreis Fr. 2.50.
K Type in Gussgehäuse für offene Montage auf Masten
Uhren mit Urmehchappement
Mit Glühlampe im Gehäuse
Preis auf Anfrage.

Zeitschalter für andere Stromstärken, Spannungen und Polzahlen auf Anfrage.

Advertising leaflet of November 1913

The leaflet, labelled as “Nr. 1.,” shows Fritz Sauter's long term plan to produce in Grindelwald and to deliver the product from Grindelwald to customers. But the plan failed. The leaflet never was used. On instigation of competitors the clock factories of southern Germany boycotted Sauter¹¹. Shortly after the printing of the Grindelwald advertising leaflet, he felt compelled to give up for an indefinite future his plan to become an independent entrepreneur.

End of self-employment and beginning of Industrial Production at the Angenstein Wall Clock Factory (1914-1916)

On November 27, 1913, he signed two contracts with the only remaining supplier of clock works, which did not participate in the boycott, the *Angenstein Clock Work Factory* at the

¹¹ Cf. the speech before the Rotary Club Basel of 1937, pp. 4 f.: "A major difficulty at that time consisted in procuring clock movements; I could not even consider manufacturing them myself, the pocket watch factories showed no interest in producing large clock movements, and so I was dependent on the Black Forest clock factories. They put on a friendly face, but had been instructed by German and Swiss time-switch manufacturers, who were already their customers, to push me out of the business immediately as a newcomer. My orders were willingly accepted, but without any delivery obligation and at exorbitant prices; deliveries were made only in dribs and drabs. - Afterwards I established contacts with the wall-clock factory in Angenstein, which at that time belonged to the Rotarian Hässig. It possessed facilities for the manufacture of clock movements, so that a major obstacle appeared to have been removed. - Finally, a contractual cooperation agreement was concluded with Angenstein, and I moved my residence there on New Year's Day 1914. Near Basel, contacts with consumers, commerce, and industry were better than in the mountains."

northern frontier of the Canton of Berne, close to the city of Basel. With one, entitled a "Transfer Agreement", he transferred his production equipment and inventions to the wall clock factory for the price of 3,000 francs¹². The other contract was an employment agreement. Sauter's compensation consisted of a salary of 300 francs as well as a commission on his sales.

These contracts enabled Sauter to manufacture his time switches in industrial quantities, yet at the same time the contractual conditions amounted to a veritable form of bondage. An undated promissory note and the later termination agreement show that the wall clock factory did not make the cash payment stipulated in the transfer agreement, but instead compensated Sauter with non-transferable debt securities (bonds) of the wall clock factory with a nominal value of 5,000 francs.

Sauter's time switches were manufactured on the premises and with the personnel of the wall clock factory under Sauter's responsibility, but sold for the account and on behalf of the wall clock factory. The employment contract could not be terminated until the end of 1916 and furthermore contained a non-compete clause for Sauter lasting two years after the end of the contract. During this period, Sauter would therefore not have been permitted to manufacture and sell his time switches on his own account.

The fact that Sauter accepted these unfavourable conditions demonstrates both the difficult position in which he found himself and his determination to succeed at any cost as a manufacturer of his own products.

At the beginning of 1914, Sauter therefore moved his two-man operation from Grindelwald into the Angenstein Wall Clock Factory, where a small department was now assigned exclusively to work for him. Christian Bernet accompanied him to Angenstein.

In June 1914, Fritz Sauter married Rosa Bernet¹³, an older sister of Christian Bernet. The young Sauter-Bernet family initially lived in rented rooms in Aesch near Sauter's place of work.



Rosa Bernet, Fritz Sauter's bride, c. 1913

¹² At that time, the Swiss franc had approximately ten times the value of the 2010 currency, so that 3,000 francs at the time corresponded to roughly 30,000 francs today.

¹³ Rosa Sauter-Bernet (1884-1965) was the fourth of eight children of Peter Bernet and Elisabeth née Brawand from Stotzhalten in Grindelwald. - From the obituary of 1965: "... From an early age she had to help diligently in the house and in the fields. She attended school in Grindelwald. At the age of sixteen she went to the French-speaking part of Switzerland and a year later to England. After her return, she and her older sister Elisabeth took over management of their father's sports shop in Grindelwald. Her organizational talent proved useful in this role. In 1914 she married Fritz Sauter."

The marriage produced two daughters: Margaretha in 1915 (later married name Brückner) and Susanna in 1917 (later married name Merker).



Fritz and Rosa Sauter-Bernet in 1920 with their daughters Margaretha (b. 1915) and Susanna (b. 1917)

Rosa Sauter-Bernet actively supported her husband's entrepreneurial activities from the very beginning. During the first years of marriage, she managed the bookkeeping.

External circumstances came to Sauter's aid and enabled him to free himself from his contractual corset: in August 1914, the First World War broke out. Most of the workers at the wall clock factory were called up for military service, including Fritz Sauter. The wall clock factory suspended operations for an indefinite period and terminated Fritz Sauter's contract on 2 September, thereby waiving the non-compete clause¹⁴.

The shutdown at the wall clock factory, however, did not last long. Fritz Sauter's equipment remained there until his discharge from military service. Already in January 1915, many servicemen returned to their workplaces, including Fritz Sauter. Both he and the Angenstein Wall Clock Factory now benefited from the boom in domestic demand after German competition had disappeared from the market as a consequence of the war.

The previous collaboration with the wall clock factory continued without a new contract, although Fritz Sauter repeatedly had to interrupt his work in order to perform military service. In the war year 1915, production of his time switches developed so successfully despite his frequent absences that the operational conditions at the wall clock factory soon no longer met his needs.

Departure from Angenstein and New Freedom in His Own Company (1916-1920)

In January 1916, Fritz Sauter concluded a second contract with the wall clock factory that regulated the termination of his employment relationship. He repurchased his tools and machines from the wall clock factory and brought them to Basel, where at the beginning of February 1916 he established his own workshop at Angensteinerstrasse 32¹⁵. In the same build-

¹⁴ Under the law applicable at the time, contractual non-compete clauses were only effective if the contract was terminated by the employee or ended for reasons attributable to the employee.

¹⁵ In the list of his employees, which he initially kept by hand, Fritz Sauter dated the first entry for an employee - namely that of Christian Bernet - to February 1, 1916. Fritz Sauter probably regarded February 1, 1916 as

ing, he also rented an apartment for his family. He paid the purchase price owed by returning the bonds that he had been forced to accept two years earlier instead of the agreed payment. Due to the strong wartime inflation, however, these bonds in 1916 were worth only two-thirds of their 1913 value.

In the same year, 1916, Sauter received a commission from the Basel Electricity Works to construct a boiler. In view of the acute energy shortage, surplus nighttime electricity from the utility was to be used for heating water in private households. Sauter solved this task brilliantly through the construction of a powerful hot-water boiler. Beginning in 1917, he conquered first the Swiss market and after the war also foreign markets with his boilers sold under the brand name "Cumulus". The success of this product was so great that in many places the brand name became a generic term, and the word "Cumulus" became synonymous with boiler. The new product brought Sauter's company its first major economic success. In the long term, approximately one quarter of sales derived from boilers, while three quarters continued to come from the field of time switches.

Connection with the Rudolf Gengenbacher Family as Financier (1916)

As early as 1912, Fritz Sauter's first inquiries to electricity utilities had attracted the attention of a man who would later play a significant role for him: Rudolf Gengenbacher. At that time, he was head of operations inspection at the Basel Electricity Works.

It is possible that it was thanks to Gengenbacher's support that Sauter established his company in Basel rather than in another Swiss industrial city. This is suggested by a note written by Fritz Sauter in 1947¹⁶, in which he stated:

"In 1915 [correctly: 1916] the business was transferred to Basel because the close connection with a major consumer of time switches such as the Basel-Stadt Electricity Works appeared valuable."

The obituary for Rudolf Gengenbacher in the Sauter Sauter House Journal of 1952 points in the same direction:

"When electricity production increased sharply after the commissioning of the Augst power station near Basel in 1912, Rudolf Gengenbacher sought corresponding sales opportunities, in which he achieved complete success. Mr. Gengenbacher thereby became a pioneer in the use of electrical energy in industry, commerce, and households. It was thanks to his foresight that the electric boiler using inexpensive nighttime electricity spread rapidly. After his retirement, Rudolf Gengenbacher was elected to the Board of Directors of Fr. Sauter AG as successor to Dr. V. E. Scherer."¹⁷

A brochure of Sauter Appareils Automatiques SA from around 1984 stated about Fritz Sauter: *"Since his most important customer was the Basel Electricity Works, he founded the company «Fritz Sauter S.A.» there."*

the decisive date marking the beginning of his new role as an employer. In Angenstein, Sauter and the people working for him had been employees of the wall clock factory. - The limited partnership agreement with Karl Schetty is also dated February 1, 1916.

¹⁶ Manuscript from 1947, *"Historical and General Information about the Company Fr. Sauter A.G., Factory for Electrical Apparatuses in Basel."* Cf. above, footnote 1.

¹⁷ Sauter House Journal no. 59, 1952, p. 4. - The obituary signed by Paul Riesen mentions Gengenbacher's entry into Sauter's board of directors after his retirement from the *Basel Electricity Works (EWB)* in 1939, but omits the private capital participation of the Gengenbacher family in Fritz Sauter's company since 1916. Fritz Sauter himself also never mentioned this participation or Gengenbacher's supportive influence. In the company brochure of 1935, p. 12, as well as in the commemorative booklet ROTH (1961), p. 39, only EWB director Oppikofer is mentioned, and only in connection with the electric boiler that Sauter added to its production program in 1917.

The fact is that Fritz Sauter's first significant financier was Karl Schetty, Rudolf Gengenbacher's brother-in-law. In February 1916, Schetty participated as a limited partner with a substantial investment in Sauter's company.

Whether Schetty invested his own money or acted as trustee for Gengenbacher remains unclear. In favor of the second possibility is the fact that after Schetty's death, Rudolf Gengenbacher took over his participation, although he was not heir to his brother-in-law.

In any case, the matter was handled confidentially and the participation of the Gengenbacher family was structured as a silent limited partnership interest. The Sauter/Schetty (later Sauter/Gengenbacher) limited partnership was not entered in the commercial register. Since the Basel Electricity Works was an important customer and this was publicly known, the private capital participation of a senior employee of the utility in the Sauter company had to remain secret.

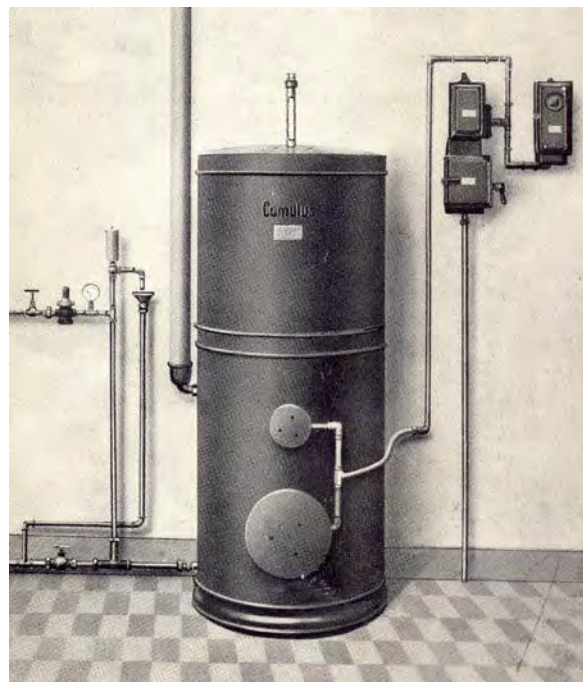
The first limited partnership agreement between Fritz Sauter and Karl Schetty of 1 February 1916 clearly shows the division of roles: Schetty contributed the capital, Sauter his labor and inventive talent. The contract granted Fritz Sauter a fixed salary as well as a share of the profits; in addition, profits were divided equally between the two partners.

After Schetty's death, Rudolf Gengenbacher assumed the participation. At the founding of Fr. Sauter AG, he subscribed to a correspondingly significant block of shares. After retiring from the Basel Electricity Works in 1939, he joined the Board of Directors of Fr. Sauter AG, on which he served until his death in 1953.

Already in 1932, his son Erwin Gengenbacher (1910-1995) had entered Fr. Sauter AG. In accordance with his father's capital participation and under the personal protection of Fritz Sauter, he rapidly advanced and in 1947 became head of all sales operations with the rank of director. He retained this position until his retirement in 1975 and subsequently served on the Board of Directors until 1988.

Boiler Production (from 1917) and Relocation to the Company's Own Factory Buildings at the Present Site (1919)

It is well documented that Fritz Sauter's second product, the electric boiler, originated from an initiative of the Basel Electricity Works. Production began in 1917.



Boiler "Cumulus", 1919

Soon the premises on Angensteinerstrasse proved too small. In the spring of 1917, Sauter purchased building land at the company's present location north of the Badischer Bahnhof railway station¹⁸. He paid approximately 60,000 francs for the roughly 9,000-square-meter property.

In October 1918, he began construction of the first factory building and invested around 85,000 francs by the end of the year and a further 280,000 francs in the following year. The total construction cost ultimately amounted to 368,176.55 francs¹⁹.

In 1919, the company moved into the new buildings.



First factory building at the present site behind Badischer Bahnhof in Basel, 1919

Shortly after construction work began, on 18 November 1918, Karl Schetty died. The settlement of his estate continued until 1920. From that point onward, Rudolf Gengenbacher definitively assumed the role of financier.

Fritz Sauter's start as an independent entrepreneur from February 1916 onward was spectacular. The young company grew explosively during its first three years. In the midst of the economic and social darkness that hung over Switzerland during the First World War, Fritz Sauter was at that time a genuine bearer of hope.

¹⁸ From 1908 onward, the street was called *Hintere Bahnhofstrasse*. This was still the address of Fr. Sauter AG in 1921. According to Sauter's probably inaccurate recollection (speeches to the Rotary Club in 1937 and to the workers' committee in 1944), the street was already called *Schorenweg* when he moved in. In fact, the name "Schorenweg" probably only came into use after 1921 and only for a short period. Soon afterward, the street was renamed again, this time to *Gotterbarmweg* ("God-have-mercy Road"). This name was connected with a nearby medieval execution site. Since 1941, the street has been called *Im Surinam*, derived from the former neighboring estate "*Im kleinen Surinam*" on Riehenstrasse. This estate owed its name to the memories of the old Basel family Faesch of their former plantation and slave ownership on the northern coast of South America, which they had acquired through marriage to a Dutch woman. In 1667, the Dutch had acquired this colony from the English in exchange; in return, they gave up the peninsula of "Nieuw Amsterdam" on the North American continent, where the city of New York later arose. - The address "Gotterbarmweg" was so embarrassing to Fr. Sauter AG that the word was kept out of business correspondence. The company letterhead at the beginning of the 1930s read: "*FABRIK ELEKTR. APPARATE Fr. Sauter A.-G. / Tramhaltestelle Hirzbrunnen / Telefon: Safran 16.72 / Telegrammadresse: Automat Basel/Bentleys Code: Western Union*". - The enigmatic street name "Im Surinam" was the subject of a detailed discussion in the first issue of the Sauter House Journal in 1948.

¹⁹ To convert these amounts into the value of the Swiss franc in 2010, they must be multiplied by a factor of slightly more than 5.

The enormous wartime inflation²⁰ was generally not compensated by corresponding wage increases and led to the impoverishment of broad sections of the population. Unemployment insurance and state old-age pensions (AHV) did not yet exist in Switzerland. After their release from military service, many soldiers became unemployed and, together with their families, depended on public assistance. In the final war year of 1918, nearly 700,000 people in Switzerland relied on welfare support²¹.

This led to social tensions that culminated in the national strike of November 1918. More than a quarter of a million workers stopped work for several days and paralyzed transportation and the economy throughout the country. The Federal Council deployed around 100,000 soldiers to "maintain order" against the striking workers. In Zurich, one soldier was killed; in Grenchen, three uninvolved civilians died from army gunfire, whereupon the strikers capitulated nationwide and resumed work. The strike leaders were imprisoned for disturbing public order. The military personnel responsible for the shootings were not prosecuted, and the victims' families received no compensation from the federal government²².

At the same time, the highly contagious Spanish flu spread among the soldiers crowded together in barracks and subsequently throughout the entire population, claiming 25,000 lives in Switzerland within six months, including more than 1,500 young soldiers.

In this environment, Fritz Sauter and his rapidly growing number of employees worked with great commitment on the production of time switches and boilers, while simultaneously expanding the company through land purchases, factory construction, and relocation.

Although Sauter benefited from the huge wartime demand for his products, he was not one of those morally questionable war profiteers who exploited the hardship of the population for personal gain. He earned his money neither through weapons nor through scarce raw materials, but through innovative ideas and good products that made people's everyday lives easier.

Further Capital Requirements and the Founding of the Joint-Stock Company

In 1920, Fritz Sauter sought additional investors. A professionally written promotional text entitled "*General Orientation Regarding the Technical Capabilities and Future Prospects of the Factory for Electrical Apparatus Fr. Sauter Basel*" provided information about the company's previous growth and technical successes. Unlike modern financial prospectuses, however, the twelve-page typescript contained neither a business plan nor information about capital requirements or future profit projections.

On 15 May 1920, Rudolf Gengenbacher assumed all rights and obligations from the estate of his brother-in-law in relation to Fritz Sauter. In June 1920, the partnership agreement be-

²⁰ The Swiss franc lost half of its value from 1914 to 1918. In other words, consumer prices rose during this period from an index level of 100 to 200.

²¹ According to the Swiss Encyclopedia of 1991 (entry "First World War"), in June 1918 there were a total of 692,000 people in Switzerland entitled to welfare assistance, out of a resident population of just under 3.8 million.

²² Measured by the very small number of fatalities, the nationwide general strike and its suppression by the Swiss army were a historical event of rather minor significance; measured by the long-term damage to the reputation of the army and the traumatization of labor relations in Switzerland, however, it was a national catastrophe. Since then and up to the present day, the army has repeatedly been perceived and rejected by the political left as an instrument of oppression in the hands of the bourgeoisie. In defense of the Federal Council regarding the disproportionate military deployment, it may be argued that only a few days earlier the November Revolution had broken out in Germany and its outcome still appeared uncertain. The Russian October Revolution had taken place only one year earlier and had inspired not only the strike leaders in Switzerland but had also frightened the bourgeoisie. The strike leaders partly employed Bolshevik rhetoric and spoke of class struggle and revolution. Nevertheless, the strike poster of November 11, 1918 contained no such terminology, but merely called for a restructuring of the government. - From the perspective of the working class, the failed strike retrospectively proved to be a milestone of social progress, since federal policy gradually fulfilled the demands of the strikers over the following 30 years.

tween Fritz Sauter and Rudolf Gengenbacher was revised. Fritz Sauter's capital share was now stated at 83,554 francs, while Gengenbacher's amounted to 203,720 francs. The capital was to bear interest at 6%. In addition, the contract provided Fritz Sauter with a monthly salary of 1,500 francs, an advance profit participation (bonus) of 10%, and thereafter an equal division of profits between the two partners.

Nevertheless, the need for capital persisted. The company was therefore converted into a joint-stock company, which facilitated the raising of new capital.

On 6 November 1920, the founding assembly of *Fr. Sauter AG Factory for Electrical Apparatuses* took place. The five founders were Fritz Sauter, Rudolf Gengenbacher-Schetty, Alexander Clavel-Respinger, Rudolf La Roche-Respinger and Dr. Viktor Emil Scherer. Scherer was Sauter's legal adviser and close friend.

The share capital of 500,000 francs, divided into 500 fully paid bearer shares of 1,000 francs each, was subscribed predominantly (64%) by Fritz Sauter, Rudolf Gengenbacher, and Viktor Emil Scherer. A minority participation of 36% was acquired by the two Basel patri- cians Alexander Clavel and Rudolf La Roche.

Sauter and Gengenbacher paid up their shares as contributions in kind (presumably 30% each), while Scherer (4%) as well as Clavel and La Roche (together 36%) paid their contribu- tions in cash.

According to the contribution-in-kind clause in the statutes at the time, Sauter and Gengenbacher sold the previous business to the newly founded corporation for the price of 300,000 francs, corresponding to 60% of the share capital. The original founding documents no longer exist today. Until 1990, however, the statutes of Fr. Sauter AG contained the fol- lowing passage: "*The company has acquired the business previously operated under the name «Factory for Electrical Apparatus Fr. Sauter», in accordance with the balance sheet of 31 December 1919, including buildings, machinery, furnishings, materials, etc., assuming the liabilities, namely assets amounting to Fr. 1,033,983.88 and liabilities amounting to Fr. 776,709.21, for the price of Fr. 300,000.*" - Since the stated price exceeded the book value of the contribution in kind, while the share capital was fully paid from the outset, Scherer, Clavel, and La Roche must have paid an agio of 300,000 francs and thereby purchased them- selves into the company's hidden reserves²³.

The four-member Board of Directors consisted of the founders - however, without Rudolf Gengenbacher, who preferred to remain in the background. Alexander Clavel became Chair- man of the Board of Directors. He held this office for 36 years until the end of 1956. Fritz Sauter became Delegate of the Board of Directors and remained so until his death in January 1949.

²³ In the 1935 company brochure *25 Years of Sauter Time Switches 1910/1935*, the initial capital is stated as CHF 800,000 (p. 14: "... the company was then converted in 1920 into a joint-stock company with a capital of CHF 800,000"). - Since this figure can hardly be an error, but the nominal share capital of 1920 is clearly documented in the Basel-Stadt notarial archives as CHF 500,000, an explanation must be sought for this con- tradiction. It is conceivable that the 1935 brochure referred to the total initial equity capital, including the share premium paid in by individual founders, which was recorded by the joint-stock company as a capital reserve. - The figure of CHF 800,000 appears again later in the commemorative booklet ROTH (1961), p. 40, this time designated as "share capital", which is however incorrect and probably based on a misinterpretation of the 1935 figure.



From left to right: Alexander Clavel, Chairman of the Board of Directors 1920-1956,
Rudolf La Roche, Vice Chairman of the Board of Directors 1920-1953,
Viktor E. Scherer, Member of the Board of Directors 1920-1939

In August 1921, Sauter planned to acquire patents for an electric heat-storage stove from a German inventor in Munich named Wilhelm Burri. The purchase price of 500,000 francs was to be paid through the issuance of 500 new shares of Fr. Sauter AG. Burri would thereby have become the company's largest single shareholder. However, although the contract was signed by Burri on 18 August 1921, it was never countersigned in Basel and therefore never implemented.

The date of a change to the statutes entered in the Basel-Stadt commercial register on 7 October 1921 suggests that the share capital was increased for the first time at that point²⁴. This indicates that the company's financing requirements exceeded either the financial means or the willingness of the original five shareholders - especially Fritz Sauter himself. At that point, relatives of his wife reportedly stepped in and invested what were said to be their last savings: the eldest brother Hans Bernet, the younger brother Christian Bernet, and the youngest brother Ernst Bernet. Hans was a farmer, mayor of Grindelwald, and head of the local military administration; in addition, he worked as a mountain guide and operated a business on the main street of Grindelwald (today "Bernet Sport"). Christian was a senior employee at Sauter. Ernst held a doctorate in veterinary medicine, was a professional officer in the Swiss Army, and was on the verge of promotion to Chief Veterinary Officer with the rank of a one-star-general.

The two Basel patricians Clavel and La Roche may also have hesitated to finance the capital increase entirely with their own funds. Instead, they too persuaded relatives and friends - all clients of the private bank La Roche & Cie. - to subscribe smaller and larger tranches of the increased share capital. All these investors were Swiss; the only foreign banking client who participated was the Frenchman Jean-Marie Claoué. Following the capital increase, he held 13.3% of the share capital of Fr. Sauter AG and was thus the most significant shareholder within the La Roche group. His holding of more than 260 Sauter shares exceeded the total of 180 shares that Alexander Clavel and Rudolf La Roche had acquired when the company was founded.

²⁴ Cf. company brochure of 1935, p. 14: "*Later [i.e. after the founding] the share capital was increased on two occasions to the present amount of CHF 1,500,000.*" - In the commemorative booklet ROTH (1961), p. 40, a third capital increase to CHF 2,000,000 is mentioned, which took place after 1935. In October 1956 the capital was then increased to CHF 3,500,000 and on February 1, 1967 to CHF 5,000,000. Fr. Sauter AG has remained at this statutory share capital to the present day. Its reserves, however, have continued to grow.

The original groups and their relative shareholding proportions nevertheless remained unchanged. After the capital increase, Fritz Sauter and the persons close to him still held 64%, while the blocking minority of 36% remained with the group around Alexander Clavel, Bank La Roche & Cie., and their newly added clients. The subscriptions of the Gengenbacher group in the capital increase of October 1921 exceeded those of the Sauter family. As a result, Fritz Sauter and his relatives found themselves in a minority position within the majority group in relation to the financially stronger Rudolf Gengenbacher.

The Company from 1920-1949: Growth and Prosperity During the Fritz Sauter Era

After the explosive expansion during the first three years of Fritz Sauter's independence - namely from 1916 to 1918²⁵ - the company entered calmer waters after the First World War. From the founding year of the joint-stock company until Fritz Sauter's death (1920-1949), sales increased tenfold after adjustment for inflation²⁶.

In 1921²⁷, a two-week strike took place at Fr. Sauter AG. To this day, this remained the only labor dispute within the Sauter Group.

In 1922, Sauter hired a talented young businessman: Paul Riesen (1894-1957). He assumed the position of commercial director and, after Sauter's death, managed the entire company from 1949 to 1954. The employment contract handwritten by Fritz Sauter provided Riesen with an initial salary of 1,250 francs per month as well as a participation of 5% in the company's profits.

Fritz Sauter's own employment contract, first documented in writing in 1923, was structured similarly. He received a fixed annual salary of 18,000 francs, only slightly exceeding that of Riesen. The bonus ("a further appropriate compensation"), however, was not defined as a fixed percentage of annual profits but rather lay at the discretion of the Board of Directors.

Fritz Sauter's responsibilities were comprehensively defined:

"The company entrusts Mr. Sauter [...] with the management of the company's affairs. In his capacity as Delegate of the Board of Directors, Mr. Sauter exercises all powers of the Board of Directors insofar as the Board has not reserved the decision to itself through a general or special resolution."

The company rapidly established a Europe-wide sales network, mainly with contractually bound representatives. Initially, wholly owned subsidiaries were founded only in France and Germany, namely the boiler factory *Procédés Sauter SA* in nearby Saint-Louis in 1923, and *Cumulus-Werke GmbH* in Freiburg im Breisgau in 1925 (hereinafter referred to as "SCU"²⁸). The boiler business stood at the center of both foreign subsidiaries. Sauter thereby no longer addressed only electricity utilities but increasingly private households as well, and correspondingly expanded its product range. A brochure from *Procédés Sauter* dating from 1948

²⁵ Adjusted for inflation, the revenues of the first three years amounted to 0.3 million, 2.0 million, and 5.8 million francs respectively, corresponding to a sixfold increase from 1916 to 1917 and a tripling from 1917 to 1918.

²⁶ Cf. below, Chapter 8, table "Revenue Development 1916-2009".

²⁷ In his address to the Rotary Club in 1937, Fritz Sauter dated the strike to the year 1922, whereas in his address to the newly formed workers' committee in 1944 he dated it to 1921. The second date (1921) is probably the correct one. As the reason for the strike, he cited the workforce's fears regarding a wage reduction. The financial year 1921 was the first since 1916 to be characterized by declining revenues, which may explain such fears, whereas 1922 was again a highly successful year with growing sales.

²⁸ The company was later renamed "Sauter-Cumulus GmbH" and was therefore commonly abbreviated internally as "SCU".

shows that, alongside boilers, hotplates, stoves, bakery ovens, electric heating devices, and further products were soon also offered.

In 1927, Fritz Sauter founded a company pension institution that was unique for its time and corresponded in nearly all respects to the later Federal Law on Occupational Pensions (BVG), even surpassing it (retirement pensions amounting to 60% of the final salary, financed two-thirds by the employer, and one-third by the employees). A remark made by Fritz Sauter after the introduction of this social institution has survived within the family: *"Now I can sleep more peacefully."*



Production hall around 1935 with transmission belts to the workstations



Production hall around 1935 with transmission belts to the workstations

The first sales peak in 1929 was followed by seven crisis years with deflation in Switzerland and an exchange-rate-related decline in exports, until the liberating devaluation of the Swiss franc by 30% against foreign currencies occurred in 1936.

The subsequent upswing reached its peak in 1941. The war years from 1942 to 1944, however, again brought a decline, reaching the low point of 1944. After the end of the war, strong growth resumed beginning in 1945, followed by a phase of weaker growth from 1947 until the peak year 1952, after which contraction again set in²⁹.

The year 1939 may be described as a turning point. In that year, Fritz Sauter suffered his first heart attack³⁰. It may be assumed that from then onward he no longer possessed the same energy and innovative power as he had in his thirties and forties. Instead, he increasingly entrusted the management of the company and the solution of simpler design tasks to the capable *Adam Helfenstein*, who had just returned to Basel from France and proved to be an extraordinarily versatile practitioner. Helfenstein developed, among other things, electric hot-plates at short notice and later an army searchlight for the Swiss anti-aircraft forces. Innovation in the technically demanding field of control engineering likely now lay entirely in the hands of the employed development engineers, while all commercial matters were managed by the trusted Paul Riesen. Fritz Sauter himself increasingly withdrew into the role of a senior company patriarch who remained present throughout the entire enterprise, attentively observed the course of events, and intervened when necessary - a role that earned him the nickname "*Papa Sauter*" within the company. In a similar way, Sauter's first and always loyal assistant Christian Bernet also gradually withdrew into limited areas of responsibility, such as supervision of the buildings and oversight of the apprentice department³¹.

During Fritz Sauter's lifetime, the buildings on Surinamstrasse were gradually expanded (construction phases in 1925, 1935, 1942, and 1947). The number of employees amounted to 520 in 1935, around 1,200 in 1947³², and 1,300 in 1961. During the economic crises after the First World War and during the Second World War, the company did not dismiss employees. In 1942 there was merely a reduction in staff through natural turnover, which reached its low point in 1944³³. Thereafter, employee numbers rose again and in the postwar years quickly grew to around 1,200 people, although from 1950 onward they slowly declined again to below 1,000.

Despite his comparatively small personal capital share, Fritz Sauter always regarded the company as "his" company. Everything within it was directly or indirectly his work and his achievement. His closest relatives assisted him: initially his wife Rosa Sauter, who managed the bookkeeping from home, and later, beginning in 1935, his two daughters Margaretha and Susanna as office employees. For seven years, Susanna served as Paul Riesen's secretary. Fritz Sauter occasionally filled management positions with relatives, including Christian Bernet, Ekkehart Brückner, and Jakob zum Wald³⁴. From his son-in-law Walter Merker, he

²⁹ Cf. the diagrams below on revenue development and foreign share 1916-2009.

³⁰ Cf. Sauter House Journal no. 93, July 1985, p. 10: "... *Fritz Sauter suffered a heart attack. He recovered slowly and resumed his previous workload.*"

³¹ These were the functions that Alexander Clavel mentioned, according to the minutes of the Board of Directors meeting of June 25, 1956, with regard to Bernet's impending departure from the Board of Directors.

³² The number 1200 is mentioned in the manuscript probably dating from 1947 entitled "Historical and General Information about the Company Fr. Sauter A.G. Factory for Electrical Apparatuses in Basel".

³³ In this year, the second workers' commission was founded after Fritz Sauter had dissolved the first one following the strike of 1921. In 1944 he now recognized the value of such a body, which enabled him, in times of tension, to communicate with the workforce in a spirit of mutual trust.

³⁴ The brothers Jakob and Oswald zum Wald, born in 1920 and 1921, were the grandsons of Fritz Sauter's older sister Ida (1874-1924), who at the age of 21 married the widowed Arnold zum Wald, a farmer, trader, and innkeeper in Erlenbach in the Simmental, and died of tuberculosis in her 50th year. - Cf. the genealogical appendix to this publication. - Jakob zum Wald succeeded Christian Bernet in May 1954 as head of the factory (cf. Sauter House Journal no. 27, October 1954, p. 4), a position he held until his retirement at the end of 1985, from 1970 onward with the rank of vice director (from 1986 the factory management was in the hands

hoped that one day he would assume overall management of the company - a hope that was not fulfilled because Walter Merker was needed in his own family company in Baden³⁵.



Fritz and Rosa Sauter-Bernet in the garden of their private home, Engelgasse 129, in Basel, c. 1939



Fritz Sauter, c. 1939,
Margaretha Brückner-Sauter (1915-2003), member of the Board of Directors 1970-1980, c. 1970,
Susanna Merker-Sauter (1917-2012), c. 1953

of Ulrich Brückner, a grandson of Fritz Sauter). Oswald zum Wald was Fritz Sauter's godchild and worked for the company his entire life, although he never attained a management position.

³⁵ Walter Merker (1916-2015) was a member of the Board of Directors of Fr. Sauter AG from 1956 to 1988. He was succeeded by his eldest son, Dr. Rudolf Merker-Voser, who initially held the vice presidency of both Fr. Sauter AG and Fr. Sauter Holding AG, chaired both boards from 1999 onward, and headed the holding company's board until his accidental death on August 12, 2009. The chairmanship of Fr. Sauter AG was assumed by Ulrich Graf in September 2000. - From 2000 to 2008, Walter Merker's elder daughter, Sibylle Hausammann-Merker, was a member of the holding company's board. She was succeeded in 2008 by the younger son Fritz Merker, who after Rudolf Merker's death in August 2009 was also elected to the Board of Directors of Fr. Sauter AG. Rudolf Merker's widow, Katharina Merker-Voser, was elected to the holding company's board in 2010.

Second Chapter: Retrospectives and Perspectives (1949)

Development of the Product Range, 1910-1949

In Fritz Sauter's eyes, the time switch and the related thermostats formed the core of the product range. Both devices served to switch electrical installations on and off automatically: time switches according to the time of day, thermostats according to the reaching or falling below of specific temperatures.

However, Fritz Sauter had no objection to incorporating additional products into the range provided profits could be generated from them. In this respect, he was so open-minded that at times the product portfolio displayed little concentration. The most important secondary product was the boiler, which from 1917 onward became a significant source of revenue. In the French subsidiary, it remained the principal product for decades, and in the German subsidiary until 1936.

In Basel, the Cumulus boilers were manufactured until 1965. Distribution of the boilers was transferred to Adam Helfenstein in 1958, and production followed in 1965³⁶.

Other secondary products manufactured during Fritz Sauter's lifetime included heating cabinets for industry and commerce, water distillation devices, small steam boilers, calender heating systems for textile factories, relays, remote switches, solenoid valves, motorized valves, and much more. As a curiosity, mention should be made of an order worth 1.2 million francs for anti-aircraft searchlights, which the company executed for the Swiss Army during the Second World War. In a lecture before the Rotary Club Basel in 1937, Fritz Sauter stated concerning the product range: *"The number of devices now included in the standard program approaches 2,000, in addition to several hundred special versions intended only for specific customers or ordered only as individual pieces."*

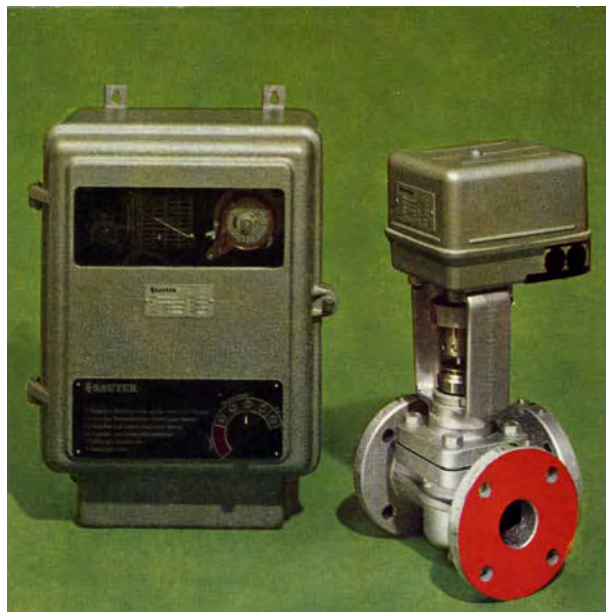
Particularly remarkable was the development in 1935 of a device called "Reflex", which emerged from the boiler thermostats. The "Reflex" did not simply switch heating or ventilation systems on and off, but *regulated* room temperature: if the temperature fell below the target value, more heat was supplied, if it rose above it, the heat supply was reduced. This occurred so early and with such precision that the room temperature remained practically constant.



Regulator Reflex, 1935

³⁶ Cf. below, Chapter 4, section "Adam Helfenstein".

From the "Reflex" later developed the "Rheo Differential Controller", subsequently "Equitherm", and finally "Flexotron".



Regulator Equitherm, 1941

It may be assumed that from around 1940 onward, Fr. Sauter AG already possessed a broad range of control devices. Fritz Sauter described this in the aforementioned manuscript of 1947 as follows:

"After 1930, the control problems for steam and hot-water converters in ventilation and air-conditioning systems were also investigated and suitable apparatuses constructed for them. Today we possess a control system, the so-called "Rheo-flex control system" with elastic feedback, with which every control problem can be solved precisely and reliably without oscillation. This system has already proven itself excellently in a very large number of installations, including important and interesting ones."

"Without oscillation" meant that the control process did not fluctuate around the target value, but instead reached it directly and then maintained it stably. The construction of such oscillation-free control devices was at that time technically extremely demanding.

Here lay the beginnings of building control engineering - the field that would later develop into the company's core business.

The Personality of Fritz Sauter

Fritz Sauter left his home village of Grindelwald because he could not realize his special talent there. For the sake of this talent, he went out into the world and established contacts with people from the most diverse backgrounds. He strove neither for wealth nor for social prestige; rather, he accepted both as natural consequences of his entrepreneurial success. After 1920, he adapted his lifestyle to his growing prosperity and lived comfortably with his family. In 1922, he purchased a single-family-house on Engelgasse in Basel, not far from his previous rented apartment on Angensteinerstrasse. Later, the family moved into a more representative house on St. Alban-Ring. From then onward, a permanent housekeeper, Anna Krieg, also belonged to the household and remained part of family life until her death in 1984. In 1932, Fritz Sauter had his parents' house in Grindelwald demolished and the present "Gerbi" con-

structed on the same site - an extremely modern and spacious chalet by the standards of the time, with two apartments, one for rental to a local family, the other as a holiday home for Fritz Sauter and his relatives. Over the years, Fritz Sauter hosted and entertained most of his foreign representatives and business associates at the Gerbi, some of them regularly. Even during the Second World War, his family car was a large olive-green Chevrolet. Yet he drove to work in his small Fiat Topolino.

Over time, people became accustomed to seeing Fritz Sauter as a dignified elderly gentleman around the age of seventy - as he appears in a frequently reproduced photograph and in an oil painting based upon it by Pellegrini with round spectacles, suit, tie, watch chain, and a slightly sideways, somewhat expressionless gaze. In the process, it is easy to overlook the fact that at the beginning of his entrepreneurial career he had been a dynamic pioneer and energetic creator in his thirties and forties.

He took the decisive step in 1916, when he transformed himself from employee into independent entrepreneur with a financier, rented premises in Basel, and half a dozen workers. At the age of forty, he stood entirely on his own feet. He had attended neither officers' school nor management seminars. Thanks to his natural talent, however, leadership responsibilities came easily to him. Entrepreneurship was his true calling.

In Basel, he was an outsider - a man from the countryside. He could neither hope nor did he ever attempt to be accepted by Basel's upper class as one of their own. The social snobbery cultivated by the urban patriciate did not concern him, for as a native of Grindelwald he was unfamiliar with an urban class society, and inwardly he always remained a man from Grindelwald. The fact that in Grindelwald, as the son of a craftsman, he had belonged to one of the more prosperous families, whereas in Basel the same background merely corresponded to the middle class, did not trouble him. After all, the people of Basel were not blind: they appreciated achievement, competence, and money, even if a man's origins lacked glamour.

With the instinct of a born entrepreneur, he allied himself from the beginning with his most important customer, the Basel Electricity Works, by financially involving one of its directors in his company. Beginning in 1920, he established - albeit only financially - relationships with the Basel patriciate by winning over the private bank La Roche & Co. together with selected clients as investors and appointing Alexander Clavel, who came from a respected industrial family, as Chairman of the Board. Clavel lived in the Wenkenhof - a palace that in the eyes of Basel's population possessed roughly the same rank as the Loire castles in France. Clavel embodied precisely the two qualities that Fritz Sauter required: high social standing and at the same time an approachable personality. Nevertheless, Fritz Sauter developed no personal friendships either with Clavel or with the other shareholders from the old Basel milieu surrounding Bank La Roche. The social distance remained preserved on both sides at all times.

For this reason, it probably did not trouble Fritz Sauter that according to the standards of the humanistic culture of Basel he possessed a certain educational deficit. He held neither a school-leaving diploma equivalent to the Matura nor knowledge of Latin or Greek. His formal schooling was limited to what he had learned in primary school and during two years of secondary school in Grindelwald³⁷. Yet he was by no means uncultivated. To furnish his home, he purchased paintings by contemporary Swiss artists that pleased him, including works by Cuno Amiet, whom he supported and with whom he maintained a friendly relationship.

³⁷ The two teachers Jakob Stump and Andreas Fischer, who taught at the newly founded secondary school in Grindelwald during Fritz Sauter's school years, were strong personalities (cf. ROTH, p. 24 f.). Fritz Sauter undoubtedly had both of them as teachers. Fischer was called from Grindelwald to the girls' school in Basel, where Dr. Ernst Saxer later also taught. Fischer's alpinist writings received wide attention, as did his charisma in the classroom. His early death shook all who knew him. He froze to death during a snowstorm while descending from the Aletschhorn. Thereafter, the Aletschhorn was regarded in the Sauter family as a mountain with a fateful aura.

In personal interaction, Fritz Sauter was quick-witted and spontaneously found the right words - for example in his speech of thanks to the assembled workforce on the day of the German capitulation (8 May 1945). However, he did not like giving long speeches. He was a man of action rather than words. According to the recollections of his daughter Margaretha, he found his lecture before the Rotary Club of Basel in 1937 difficult. The manuscript reveals a factual, dry style. Fritz Sauter's appearance in 1947 on the radio program *Echo der Zeit* of Radio Beromünster also presents a speaker with little rhetorical brilliance.

The honorary doctorate awarded to him by the University of Basel on the occasion of his 70th birthday³⁸ pleased him greatly. Yet the world in which he had to prove himself was, as mentioned, neither Basel society nor the guild of academics, but the world from which he originated. Thus Fritz Sauter and his wife Rosa never gave up their Grindelwald dialect. Their frequent stays at the Gerbi were not ordinary holidays but always a kind of homecoming. Fritz and Rosa Sauter chose to be buried in the small cemetery beside the village church in Grindelwald.



Fritz Sauter, c. 1947

Fritz Sauter and his family belonged throughout their lives to the Reformed Church. All family celebrations - confirmations, weddings, baptisms, and funerals - were conducted within the church. Beyond that, Fritz and Rosa Sauter were hardly involved in church activities. They did not stand out as particularly devout Christians.

Fritz Sauter also showed no interest in military promotions, although he undoubtedly would have been suited for military service and could have gained prestige there. The obliga-

³⁸ The honorary doctorate from the Faculty of Philosophy was not awarded to Fritz Sauter, as was customary, on *Dies academicus*, the founding day of the university, but rather was presented without prior announcement by a university delegation at his workplace at the Sauter company. According to the laudation, he was honored as a man ... *who with rare skill has developed the construction of electrical apparatuses and refined the application of electricity, who from humble beginnings, through tireless diligence and prudent daring, has achieved the greatest accomplishments and, with the founding of his successful apparatus factory, has also rendered a significant service to the community, who, full of understanding for intellectual values, has also always promoted pure science and, in particular, has been a distinguished and benevolent supporter of the University of Basel.*

tions associated with an officer's career would, however, have hindered what mattered most to him: realizing his technical talent.

Politically, Fritz Sauter was also inactive. He never joined a political party. In Grindelwald he had belonged to a family of independent craftsmen with their own property. With these characteristics he established himself in Basel - not as a capitalist, but as an entrepreneur with his own company and therefore as the employer of a growing number of people who depended on him. Accordingly, his basic outlook was bourgeois.

In keeping with his Grindelwald way of thinking, he felt responsible for his employees. Dismissing people because there was not enough work would have been difficult for him. He never did so. His concern for employees, however, was paternalistic rather than motivated by social policy. Social progress was probably an empty concept for him. If he believed in any kind of progress, it was technical progress. He felt fully and unreservedly responsible for treating his people decently. He never commented on the social injustice that became increasingly apparent in Switzerland during the First World War. He later spoke with annoyance and incomprehension about the two-week strike of 1921 that affected him. Speaking before the Rotary Club in 1937, he said:

"As far as major conflicts with the workforce are concerned, we only experienced a 14-day strike in 1922 (correctly: 1921), which was triggered by arrogance on their side and ultimately had to be abandoned without any success. This strike was due to the inadequate conduct of the workers' committee, which did not know how to counter the workers' taunts demanding from the committee more activity and results. It believed it could save its honour by spontaneously calling a strike, but events turned out differently.

At that time we recognized how dangerous an unreliable workers' committee can become for industrial peace. For this reason, since that time we have firmly rejected every attempt to establish a new workers' committee.

We resolutely opposed the communist activities that spread strongly for several years and carried out purges, with the result that today absolute - let us say political - calm prevails within the company."

If this were the only text available, one would have to believe that the workers' representatives caused an entirely baseless strike - and that it lasted for two weeks. However, reading Fritz Sauter's later account of the same event shifts the picture. Speaking before the newly established workers' committee in 1944, he said:

"During the entire existence of the company there were no disputes with the workforce, with the exception of a 14-day strike in 1921. However, this did not break out because of any complaints regarding working conditions, but solely because of an irresponsible rumor spread among the workers that the company intended to reduce wages.

In such a case it would have been the duty and task of the workers' committee to investigate the threatening rumor and preserve industrial peace. The workers' committee, which had existed only briefly at the time, failed to do so and had to end the strike after two weeks due to the lack of any actual reason.

In earlier times the general atmosphere was very combative. It was considered, in a sense, a matter of prestige to resolve differences through struggle. Continuous work stoppages and strikes caused major damage to the national economy. Irrecoverable wage sums were lost, considerable disruptions and financial losses weakened industrial enterprises, and overall this inevitably favored foreign competition.

This has changed; people have come to realize that this system of conflict ultimately achieved exactly the opposite of what had been intended. It led to higher living costs, thereby making products more expensive, causing orders to shift abroad and reducing the volume of work within the country.

It has been recognized that dialogue leads to better results, and that peace serves the well-being of all, according to the proverb: peace nourishes, discord consumes. Based on this insight, the machinery and metal industries have moved toward reaching understandings and concluding peace agreements. This path has proven beneficial. It is the task of the workers' committee, within this understanding, to serve peace. It is called upon to advise the workforce, keep their true interests in mind, and foster mutual trust. It must be aware that the viability of the company must also be considered if its continued existence and development are to be secured.

May the workers' committee of our company always be granted the ability to fulfill this duty in the proper spirit."

Here the reason for the strike of 1921 becomes clear: the workers feared wage reductions. Fritz Sauter attributed this fear merely to a rumor. Yet in 1921 the concern was hardly unfounded, since it was the first business year since 1916 with declining sales. It cannot be ruled out that Fritz Sauter had hinted at the need to save on personnel costs and later withdrew these hints during the two-week strike - whereupon the workers returned to their jobs. The accusations directed against the workers' representation of 1921, which he apparently dissolved after the strike, and the expectations he had of the newly founded workers' committee in 1944 arose from a paternalistic worldview: Fritz Sauter hoped that the new body would serve as a mouthpiece for the employer in order to make personnel-policy measures popular among employees. It was no coincidence that the workers' representation was reestablished in 1944: among the business years with declining sales since 1942, this was the weakest.

Fritz Sauter was convinced that he himself knew best what was good and necessary for his employees. He was not entirely wrong in this regard. His personal dedication to his employees was later honored within the company with the title "*Papa Sauter*" - a name used when speaking of him in his absence. During his walks through the factory, he watched over everything like a family patriarch and admonished employees to be diligent and orderly, even concerning small matters such as picking up paper clips.

Fritz Sauter's paternalistic concern became particularly evident during the Second World War. Since the annexation of Czechoslovakia in March 1939, there had been fears that Hitler's next act of aggression would trigger a war in Europe. Over the course of 1939 Hitler declared with increasing vehemence that the Free City of Danzig had to be annexed to the German Reich. War seemed imminent. Fear and discouragement prevailed in Switzerland. In this situation, in July 1939, Fritz Sauter organized an excursion with the entire workforce to the Swiss National Exhibition in Zurich. The exhibition was intended to give the Swiss people courage.

Six weeks later, on September 1, 1939, war broke out. From then on Fritz Sauter had technical drawings and copies of accounting documents transported to his holiday home "Gerbi" in Grindelwald, where boxes of relocated documents piled up³⁹. At first, however, the war was far away - first in Poland, then in Norway. In the rest of Europe the "Phoney War" prevailed. Aside from the frequent military service of younger men and the depressed mood, life in Switzerland initially continued more or less as usual.

Then, suddenly, it began:

³⁹ Recollection of Susanna Merker-Sauter, the younger daughter of Fritz Sauter, who at the time was employed as a secretary in the company and helped with copying. There were no photocopiers yet at that time. Everything important had to be copied out by hand.

On May 10, 1940, the German Wehrmacht invaded France and the Benelux countries. Switzerland ordered its second general mobilization. All Rhine bridges in Basel were prepared for demolition. The city was suddenly full of soldiers. On May 12 the German propaganda minister Goebbels declared in a radio address that within 48 hours there would be no neutral states left in Europe. Anyone living or working in Basel, especially in Kleinbasel between the Rhine and the German border, feared an imminent German invasion. German paratroopers seizing the Rhine bridges before they could be destroyed, and a rapid German advance across the Rhine to the south, were among the possible scenarios⁴⁰. Considering the axis along which German tanks were most likely expected, the most direct route from Germany to Basel led via Riehenstrasse - directly past the Sauter factory. Had the Allied command attempted to hinder this advance through bombing while simultaneously targeting the Badischer Bahnhof railway station, the Sauter factory would have been especially endangered.

At that time many people in northwestern Switzerland lost their nerve. The mass hysteria manifested itself, for example, in the fact that a cloud formation over Waldenburg in the canton of Basel-Landschaft on the evening of May 13, 1940, was unanimously perceived by the population as the protective hand of Niklaus von Flüe⁴¹. The real evacuation fever gripped the population of Basel between May 14 and 16⁴². Wealthier Basel residents who owned a car and a holiday home in the interior of the country fled the city in panic. A convoy of heavily loaded automobiles crept slowly over the Hauenstein Pass. The SBB railway station was full of hectic activity.

Working-class families, on the other hand, who possessed neither a car nor a holiday home, had to remain in the city. Alongside fear came the bitter feeling of social injustice⁴³.

Fritz Sauter and Christian Bernet belonged to the more prosperous class, with their own cars and houses in the interior of the country. They too could have fled. Yet they did not abandon their people but remained at their posts in the company⁴⁴. Every morning, as Fritz Sauter drove from his home on St. Alban-Ring across the Wettstein Bridge to work, he had to ask himself whether he would return home again that evening. Had the Rhine bridges been blown up, he would have been cut off from his family.

At the end of the war, on May 8, 1945, Fritz Sauter gathered the workforce in the factory courtyard, expressed his appreciation in a speech for their perseverance, and gave thanks that Switzerland had been spared from war. He then gave everyone the remainder of the day off⁴⁵.

It was therefore no coincidence that he chose the Rütli Meadow as the destination for the company excursion celebrating his 70th birthday in early July 1947. General Guisan's "Rütli Report" of July 25, 1940 - the address by the commander-in-chief of the army to senior officers declaring that the Swiss army would not surrender in the event of a German attack - was

⁴⁰ According to Franz Nick-Bernet, who recalls that it was assumed the Germans would immediately advance to the Rhine bridges and into Greater Basel, leaving Riehen and Kleinbasel untouched.

⁴¹ The "Miracle of Waldenburg" was never recognized by the Catholic Church as a miracle wrought by Niklaus von Flüe, but was nevertheless celebrated again recently on May 13, 2010, at a well-attended anniversary celebration in Flüeli Ranft in the presence of a Catholic bishop.

⁴² CHRISTIAN BRÜCKNER, *The Basel City Command 1939-1989*, commemorative publication for the 50th anniversary, p. 31 ff.: *Already on the evening of May 14, 1940, the city command expected a German attack at any hour and, in the highest state of alert, took the necessary defensive measures.*

⁴³ Cf. MARKUS SOMM, *General Guisan - Resistance in the Swiss Manner*, 2nd ed. Bern 2010, p. 15: *Panic broke out among the population. Anyone living near the border, in Basel or Schaffhausen, who owned a car packed their belongings and fled into the interior of Switzerland. Columns of cars crawled at walking pace over the Bözberg or the Mutschellen Pass. - Since at that time only wealthy people owned cars, this was essentially a flight of the upper class into the mountains, where they hoped to find safety from the Germans in their holiday homes.*

⁴⁴ Communication by letter from Walter Merker dated May 19, 2010.

⁴⁵ Recollection of Bruno Helfenstein, who was an apprentice at Sauter in 1945; communicated orally to Christian Brückner on May 14, 2010.

still fresh in memory and was regarded as the key event that secured Switzerland's independence during the war and thus its prosperity in the postwar era amidst a devastated Europe.

In a manuscript from 1947, possibly intended as the basis for a speech connected with the excursion to the Rütli, Fritz Sauter expressed pride, but also modesty and restraint:

"The company today employs more than 1,200 salaried employees and workers. In response to demand it would currently need to be three times as large, but we intend to maintain it at its present size because we do not wish to pursue expansion that, in the over-industrialization likely to arise in the future, would not serve peaceful work but would instead provoke unfair competition among companies."

Through his daily presence in the company, his concern for employees, and his paternalistic character, Fritz Sauter also became a moral authority. Some employees had the impression that they had to prove themselves to him not only through their work performance but through their entire way of life.

After Fritz Sauter's death, this authority passed to his widow Rosa Sauter-Bernet. Beginning in 1953, through her quiet work in the background, she led the resistance against the takeover attempts by Elektrowatt AG and later by Landis & Gyr⁴⁶. As late as 1958, nine years after Sauter's death, an authorized signatory of the German subsidiary SCU, who was dismissed for starting an extramarital affair with a female employee and procuring a loan for her from the company's coffers, wrote to the retired senior-manager Willi Becker, in whom he had confided his distress: *"There is one thing I ask of you in this letter, please do not correspond with Mrs. Dr. Sauter for the time being, it would only harm me and my family."*⁴⁷

Under Fritz Sauter's influence, a strong sense of community and solidarity developed within the company. Willi Becker, the long-serving head of the SCU, coined the term "Sauter Community" in 1947⁴⁸. The goodwill of the employer was matched by the loyalty of employees toward the company. This was reflected in the large number of long-term employment relationships. In 1985, the company looked back on 466 twenty-five-year service anniversaries, as well as 116 forty-year and 14 fifty-year anniversaries⁴⁹. Anyone who wanted to celebrate their 50th anniversary at Fr. Sauter AG had to have joined at the age of 15 at the latest, i.e., as an apprentice, and remained loyal to the company without interruption until retirement!

Within the family, people remembered Fritz Sauter for his dry humor and his creative thoughtfulness. He would often suddenly jot down an idea on a piece of paper or a napkin, or rise from the table and pace thoughtfully with his hands clasped behind his back.

The author has only a vague memory of his grandfather. The grandson was six years old when his grandfather died. Fritz Sauter remained in memory as a friendly and calm grandfather. Yet he could also react quickly. The author recalls a car ride in a small two-seater beside his grandfather. Teenagers standing on the sidewalk mischievously threw small objects - nut shells or similar items - at the car. Fritz Sauter briefly turned the ignition key, accelerated, and thereby produced a loud backfire. The youths were startled as though they had been shot at. Fritz Sauter switched the ignition back on and drove away laughing.

⁴⁶ Cf. the corresponding statements by Andreas C. Brunner in the discussion reproduced further below from October 12, 1982: *According to Brunner's assessment, the negative attitude toward Landis & Gyr was carried on by Fritz Sauter's widow after his death, as a kind of legacy from her late husband to whom she thus remained loyal. From Mrs. Sauter, the animosity then passed to Dr. Ernst Saxer.*

⁴⁷ Letter of December 17, 1958 to Willi Becker (SCU Archive).

⁴⁸ Letter of July 12, 1945 from Willi Becker to the management of Fr. Sauter A.G. (SCU Archive).

⁴⁹ Cf. Sauter House Journal No. 93, July 1985, p. 7. - The first employee who was able to celebrate a fifty-year service anniversary, Ernst Bachmann, was also the first apprentice whom Fritz Sauter hired as a 15-year-old boy and entered under number 17 with the entry date of October 23, 1916, in the "Workers' Register", which at that time was still maintained personally. In the column "Type of Employment", Fritz Sauter had originally entered "worker" for Bachmann. Someone else later wrote "apprentice" above it.

Fritz Sauter was a good husband and family man and was always ready to help relatives and friends - entirely in the tradition of old Grindelwald.

With regard to his own person, he always remained modest. From 1920 to 1949 he was listed in the commercial register merely as "Delegate of the Board of Directors". He never adopted the title of director, let alone general director. On one occasion he jokingly remarked to Paul Riesen that there were no directors at Sauter - and that everything functioned perfectly well without them⁵⁰. Fritz Sauter's authorized signatories, Paul Riesen and Christian Bernet, were not given the title of Director until the 1940s.

Sauter's relationship to money also remained grounded, almost peasant-like. He calculated carefully and handled money sparingly. In business matters he was a tough negotiator who knew how to protect his interests prudently.

On the other hand, as an entrepreneur he did not strive for maximum profit. While the unfavorable contract with the Angensteiner clock factory in 1913 may still have arisen from necessity, the partnership agreements with Karl Schetty and Rudolf Gengenbacher in 1916 and 1920 (each with a 50% profit share for both partners), the planned contract with Wilhelm Burri in 1921, the employment contract with Paul Riesen in 1922 (with a five-percent profit share), and the establishment of the company pension fund in 1927 testify to pronounced generosity and a willingness to share the financial fruits of his entrepreneurial talent with others.

Fritz Sauter's attitude toward money and prosperity corresponded to the views widespread in farming circles and during the early industrialization of Switzerland around 1900. Large sums of money in a bank account did not give meaning to life; rather, it was the expansion and long-term prosperity of one's own property - land and enterprise. The motto of *making money*, where professional and industrial activity became a mere means to a financial end and the accumulation of wealth the goal of life, only came to Europe from the USA in the second half of the 20th century and was not a guiding principle for Fritz Sauter.

The Apprenticeship System at Fr. Sauter AG

The professional education of young people was especially important to Fritz Sauter. In the repeatedly mentioned manuscript of 1947 he wrote:

"We devote special attention to the training of our precision mechanics personnel. Every year ten selected apprentices are admitted. They complete a four-year apprenticeship and, during the first two years, receive thorough individual technical training in the apprentice department under the supervision of a master craftsman. During the last two years of training they rotate through the various departments of the factory in order finally to demonstrate their technical skills in a state examination. Most of our apprentices graduate with prizes or distinction, which proves that our teaching method is on the right path."

⁵⁰ Oral communication from Dr. Christian Riesen, son of Paul Riesen, to Christian Brückner on December 23, 2009.



Willy Langbein (1917-2013), apprentice master 1945-1982

The longest-serving apprenticeship instructor at Fr. Sauter AG, Willy Langbein, worked there from 1945 until his retirement in 1982⁵¹. With all his energy he sought to develop good training programs and positively motivate young people for their future profession through constructive, never hurtful criticism. He was also a role model for his apprentices in human terms with regard to precision, diligence, and sincerity, and he forged the class into a community that shared joys and sorrows at work, in their free time, on excursions, and at ski camps. Nearly every Sauter House Journal featured reports and pictures of the apprentices, so the apprenticeship system was held in high regard by the other employees. The Sauter apprentices generally achieved final exam results that were about one grade point above the cantonal average. Franz Nick-Bernet remembers his apprenticeship under Langbein as such an exciting time that on Sundays he looked forward to the work week, not the other way around.

The apprenticeship department generally consisted of around forty apprentices, though at times significantly more - up to one hundred⁵². The great tradition of apprenticeships at Fr. Sauter AG was continued under Langbein's successor Peter Nebel⁵³.

⁵¹ Langbein was among the employees who were able to celebrate a fifty-year service anniversary at Fr. Sauter AG (1932-1982).

⁵² Oral statement by Willy Langbein to Christian Brückner on May 21, 2010.

⁵³ Visitors were able to see this during the open house day on June 12, 2010, at which apprentices played an important role in the presentations at various locations. - On the occasion of the ceremony on March 25, 2010, inaugurating the new Minergie building, Government Councillor Brutschin from Basel highlighted the major achievements of Sauter in the field of apprenticeship training and expressed the thanks of the Government Council of the Canton of Basel-Stadt.

Chapter Three: 1949-1956 Turmoil After Fritz Sauter's Death - Takeover Attempts by Elektrowatt AG

When Fritz Sauter died unexpectedly in January 1949, the company may already have fallen somewhat behind its competitors technologically. Thanks to its clear leadership structure, however, this was hardly noticed. But what was lacking was an adequate succession plan.

On November 11, 1949, the conversion of bearer shares into registered shares with transfer restrictions was approved. This was a precautionary measure by the board of directors, which feared that after the loss of the integrating founder figure, individual shareholders might sell their holdings and seek buyers.

All shareholders at the time accepted the transfer restriction - with one exception: Jean-Marie Claoué kept open the possibility of selling at any time by acquiring the shell company *Finexport SA*, owned by a Geneva notary. Claoué transferred his registered Sauter shares to this company, thereby ensuring that he could dispose of his holdings freely.

After Fritz Sauter's death, the company remained under the overall management of Paul Riesen, who was promoted to Delegate of the Board of Directors. Christian Bernet and Adam Helfenstein ran the operational business.



Left: Paul Riesen (1894-1957), Commercial Director 1922-1949,
Delegate of the Board of Directors and Chairman of the Executive Board 1949-1955;
right: Christian Bernet (1890-1979), Fritz Sauter's right hand man from 1912, head of the factory in Fr. Sauter
AG, member of the Board of Directors 1953-1955

Beginning in 1953, Chairman Alexander Clavel and Vice Chairman Ernst Lais of Bank La Roche & Cie. became concerned about the future. The reasons for these concerns cannot be determined with certainty today. But the clients of the bank La Roche & Cie. who were involved as investors in Fr. Sauter AG adopted a wait-and-see attitude. Only Claoué stepped out of line. When the company added an arbitration clause to its articles of association in 1952, thereby tightening the shareholders' commitment, Claoué had the relevant resolution of the General Meeting legally challenged, now through his company *Finexport SA*.

The arbitration proceedings were still ongoing when, in the spring of 1953, Claoué sold *Finexport SA*, which held 13.3% of Sauter's capital, to *Elektrowatt AG* behind the Board of Directors' back - allegedly out of frustration with Sauter's low dividends. This suddenly made *Elektrowatt* an indirect shareholder in Sauter.



From left to right: Ernst Lais, Vice Chairman of the Board of Directors 1953-1956,
Gottlieb Steiner, CEO 1955-1957,
Kurt Strässler, Technical Director 1954-1958

Since the First World War, Elektrowatt had belonged to Swiss Credit Bank. It was the bank's industrial holding company, tasked with building an empire of significant shareholdings in the electrical industry under the bank's overall management, turning around weak companies, and generating profits for the bank through the trading of such companies and stakes, through mergers and similar transactions.

Clavel and Lais saw Elektrowatt's entry as a hope for Sauter and brought Elektrowatt representative Arthur Winiger onto the board of directors. Through Winiger, Elektrowatt made its entry at Sauter during the ordinary General Meeting of 1954.

The then-pending Finexport lawsuit concerning the statutory arbitration clause was immediately settled. Elektrowatt had no interest in these proceedings and had the complaint withdrawn.

From the beginning, Winiger acted dominantly. It started with small things: he demanded that the paper format for the board minutes be changed (to A4, not the previously used portrait format). The distribution of the minutes had to be expedited. As the previous minute-taker, Walter Merker, did not work fast enough for Winiger's taste, Winiger demanded that the task of minute-taking be assigned to someone else. However, in one of the very first meetings, Winiger got down to business: he asserted that the share capital had to be substantially increased. and demanded, among other things, a substantial capital increase.

Under Winiger's influence, Christian Bernet was gradually replaced in 1954 by engineer Kurt Strässler, who received the title "Technical Director". Bernet remained on the board for another two years. When his term of office expired in June 1956, he was not re-elected, against his wishes. Since the Sauter family did not either support Christian Bernet's re-election, relations between Christian Bernet and the rest of the family cooled down temporarily.

On the Board of Directors, Winiger had the support of Clavel and Lais in everything he did and said. The two saw Elektrowatt as the savior. They expected from Winiger the entrepreneurial impetus that they themselves lacked. A substantial capital increase, through which Elektrowatt would have gained a majority, was highly desirable from the perspective of the bank La Roche & Cie. The topic of the large capital increase was raised by Winiger in almost every board meeting, with growing persistence. (The Board of Directors at that time consisted of Alexander Clavel, Chairman; Ernst Lais, Vice Chairman; Paul Riesen; Christian Bernet; Erwin Gengenbacher; and Arthur Winiger. Walter Merker was not yet a member but continued to take the minutes, despite Winiger's criticism.)

In 1955 Winiger, Clavel, and Lais forced Paul Riesen to resign through targeted attacks and humiliations. Riesen left the company on June 30, 1955. Deeply hurt, he forbade any words of farewell or thanks from the Board of Directors⁵⁴.

His successor became Gottlieb Steiner, a manager from Zurich supported by Elektrowatt.

Formation of the Pool to Defend Against Elektrowatt AG

With the departure of Paul Riesen and the arrival of Steiner, the family shareholders increasingly felt marginalized. Within the family circle, meetings and deliberations began in a somber atmosphere. Rosa Sauter-Bernet (1884-1967), the company founder's widow, took on the intellectual leadership. Her leadership role did not stem from any particular tactical experience or routine - Rosa Sauter had none, having been a housewife her entire life - but from her firm resolve to preserve Fritz Sauter's work as long as this could be prevented with steadfastness and common sense. Some family meetings took place at her home at St. Alban-Ring 233 in Basel. Under Rosa Sauter's significant influence, Ernst Bernet, Walter Merker, Margaretha Brückner, and Paul Riesen met there as a kind of shadow cabinet, separate from the official Board of Directors meetings. It was also Rosa Sauter who, in 1956, repeatedly inquired with Willi Becker for references on Siegfried Alter, the man Gottlieb Steiner wanted to hire as head of Sauter's technical department.

On August 21, 1955, Walter Merker proposed bringing together the family shareholders of the Sauter and Gengenbacher groups into a shareholder pool in order to prevent the capital increase sought by Elektrowatt. By October 1955 all signatures had been collected.

In 1956 these shareholders demanded a reorganization of the board of directors. At the general meeting of July 9, 1956, the pool enforced a new composition of the board in which four of the seven members now belonged to the pool. As a result of this shift in power, Elektrowatt withdrew its senior representative and instead sent Willy Bänninger to Sauter. However, Clavel remained Chairman and Lais Vice Chairman.



Ernst Bernet c. 1930

Walter Merker c. 1953

⁵⁴ Clavel and Lais demonstrated a certain sense of style by requesting permission from Riesen, in a jointly signed letter dated June 30, 1955, to pay him a farewell visit and personally express their gratitude - despite his demonstrative resignation from the Board of Directors. - The records do not indicate whether the visit actually took place.

Division Within the Board of Directors (July to December 1956)

Since the General Assembly of July 9, 1956, the Board of Directors had been divided into two camps. Energy was consumed by fruitless quarrels. Distrust, mutual suspicion, and accusations characterized the meetings. Two incidents were particularly significant for this dismal situation: an exchange of letters between Ernst Bernet and Ernst Lais in August 1956, and the struggle over the employment of Siegfried Alter.

The *conflict between Ernst Bernet and Ernst Lais* began at a crisis meeting on May 1, 1956, at the home of Rosa Sauter-Bernet. Present were Alexander Clavel, Ernst Lais, Rosa Sauter, Ernst Bernet, Walter Merker, and Margaretha Brückner. Clavel and Lais painted a gloomy picture of the company's situation and justified the need for an imminent capital increase. They also reported on the demands for severance payments from Christian Bernet and Paul Riesen. In view of the leadership failures alleged by Clavel and Lais, as well as the company's unfavorable financial position, they expressed doubts regarding the legitimacy of these demands. Ernst Bernet stated that such aspects could be taken into account during negotiations over the amount of the payments to the two men.

Subsequently, Ernst Lais spoke separately with Christian Bernet and Paul Riesen regarding severance payments amounting to approximately three times their annual salaries. In these discussions he fully accepted their demands, while simultaneously attempting to sow discord among the pool shareholders by claiming that Ernst Bernet - the younger brother of Christian Bernet - had pressured him, Lais, to negotiate the severance payments downward. Such pettiness, however, was foreign to him, Lais, and as a true gentleman he wished to give the two men what was due to them.

When Ernst Bernet learned of this, he protested in a letter dated August 14, 1956 against Lais's conduct. Lais returned the letter to the sender and added instructive comments about observing the proper chain of command⁵⁵.

The matter concerning *Siegfried Alter* was more complex. In the unanimous opinion of the Board of Directors, engineer Kurt Strässler, hired in 1954, was not capable of fulfilling his duties as technical director. Steiner proposed bringing the German engineer Siegfried Alter from Wuppertal to Basel as reinforcement. In May 1956, the Board of Directors - still dominated at that time by Clavel, Lais, and Elektrowatt - signed Alter's employment contract.

The pool shareholders now feared that Elektrowatt, using Steiner as its instrument, intended to use Alter's appointment to strengthen Elektrowatt's influence within company management.

The senior technicians at Sauter protested in a jointly signed letter to the chairman of the Board of Directors against Alter's appointment as technical director at the Basel headquarters. Individual signatories, particularly Bruno Junker, threatened to resign if Alter were to assume the position.

At the Board meeting of August 17, 1956, Clavel, Lais, and Bänninger reprimanded the "insubordinate" conduct of the technicians' "conspiracy", who by means of their letter had bypassed Director Steiner and ignored the chain of command. Ernst Saxer was suspected of having incited the authors of the letter. Saxer denied this, but had to admit that he had advised them. Regarding the matter itself, a compromise was sought, which Saxer recorded in the minutes as secretary of the Board of Directors as follows:

"The subsequent discussion leads to a rapprochement of the respective viewpoints. Finally, it is agreed that Mr. Alter shall either be employed as a technical designer in Basel or as technical manager in Freiburg, and that the technical department shall be reorganized in this connection."

⁵⁵ This, as well as the correspondence and minutes mentioned below, were preserved by Walter Merker and are now in the possession of the author.

Ernst Saxer then held discussions with Siegfried Alter in order to persuade him, contrary to the contract already signed, to accept Freiburg rather than Basel as his place of work. Alter initially agreed spontaneously, but then unexpectedly used the proposed contract amendment as an opportunity to withdraw completely. He never took up his position at Sauter. This led to disputes within the Board of Directors concerning both Saxer's drafting of the minutes and his conduct during negotiations. The group around Clavel, Lais, and Bänninger claimed that, contrary to what the minutes stated, there had been no agreement either to deny Mr. Alter the title of technical director or to keep him away from Basel. Saxer, they argued, had independently and maliciously discouraged Alter. Saxer denied both accusations.

Shortly afterward, the minutes of a hearing with an employee from the technical department reached the Board of Directors. Under Kurt Strässler's direction, Dr. Nicolas Hodel had recorded certain statements made by this employee in which she sharply criticized conditions within the technical department. In particular, the minutes referred to secret meetings within the technical department aimed at bringing down Mr. Alter should he come to Basel as the new head. Saxer suspected that these minutes were part of an intrigue initiated by Lais.

By September 1956 at the latest, the atmosphere within the Board of Directors had become completely poisoned, and constructive work was hardly possible anymore.

Final Attempt at the Major Capital Increase (Autumn 1956)

At the end of 1956, Board members Clavel, Lais, and Bänninger made one final attempt to enforce the capital increase sought by Elektrowatt by persuading the bank La Roche & Cie. to call in its one-million-franc operating loan at short notice. Ernst Lais spread negative information about Sauter among other banks, particularly the Swiss Volksbank, in order to prevent short-term refinancing of the canceled loan.

Despite these obstacles, Ernst Saxer succeeded in organizing the necessary bank loans in time. However, the company's liquidity was so strained that Walter Merker had to provide 100,000 francs from his private assets at short notice in order for wages to be paid (taking into account index development, the amount corresponded to a value of 430,000 francs in 2010).

End of 1956: The Clavel/La Roche/Elektrowatt Group Turns Its Back on Sauter

Instead of the major capital increase of four million francs at an intended issue price of 150 percent - thus amounting to six million francs - the pool under Saxer's leadership helped the company survive with a capital increase of only 1.5 million francs at par value. This scale enabled the pool shareholders to subscribe to the entire capital increase themselves.

As an immediate reaction, Clavel, the La Roche group, and Elektrowatt simultaneously sold all their Sauter shares - amounting to 36 percent of the share capital, which since the company's founding had constituted a blocking minority - at approximately 3.5 times nominal value to the heirs of Karl Heinrich Gyr in Zug. The buyers transferred the shares on June 6, 1957 to Landis & Gyr AG. Ernst Saxer refused to register Landis & Gyr in the share register and thereby excluded the company from all shareholder rights except the right to dividends.

Saxer's attempt to deny Landis & Gyr subscription rights for the ongoing capital increase failed in arbitration proceedings, which Landis & Gyr won.

Chapter Four: Retrospectives and Perspectives (1956)

Adam Helfenstein

Adam Helfenstein left the Sauter company in 1956, but continued the sale of Sauter products, particularly heating boilers, through his own company, *Flanschenfabrik Angenstein AG*. Helfenstein's importance to the development of Fr. Sauter AG justifies taking a closer look here at this extraordinary personality⁵⁶.



Adam Helfenstein (1894-1979)

Adam Helfenstein was born in 1894 in Kriens in the canton of Lucerne and was half a generation younger than Fritz Sauter. At the age of fourteen, Helfenstein went to live with his sister in Paris, where he completed an apprenticeship as a mechanic. He then sought work in London with the intention of emigrating to Canada. The First World War thwarted these plans. During the war, Helfenstein performed military service in Switzerland. At the age of twenty-four, he married and subsequently entered the service of the Dornach metalworks. There, his initiative and energetic nature caused friction, leading to his dismissal. After a brief search for work in Basel, he applied to Fritz Sauter - not because of Sauter's reputation, but because the factory at Angensteinerstrasse 32 was conveniently reachable on foot from tram line 11 for Helfenstein, who lived in Aesch.

Helfenstein joined Sauter on July 25, 1918 as a toolmaker. In the workers' register, which Fritz Sauter had kept by hand since February 1916, he was entered under number 204 (number 1 in this register had been Christian Bernet).

After a crisis erupted around 1930 at the French subsidiary Procédés Sauter SA, Helfenstein was sent to St. Louis as liquidator. There, however, he proved to be an extremely capable operations manager. He guided the troubled company back into profitability. According to the recollections of the Helfenstein family, Procédés Sauter SA employed around 500 people in 1939. Helfenstein became an employee of Procédés Sauter and received his salary from there.

At the outbreak of the Second World War, Procédés Sauter was relocated from the border region into the French interior by order of the French military authorities. Adam Helfenstein

⁵⁶ The following information is based on the unpublished manuscript by KLAUS KOCHER, revised version dated July 31, 2007, *Adam Helfenstein and the Beginnings of the Angenstein Flange Factory*, as well as on oral communications from his son Bruno Helfenstein on May 14, 2010. - The information in KOCHER is presumably based predominantly on the personal recollections of the descendants of Adam Helfenstein, who died in 1979.

did not follow the relocation, but instead resigned from Procédés Sauter and devoted himself entirely to building his own company, Flanschenfabrik Angenstein AG. Coincidentally - and independently of Sauter - from 1939 to 1948 Helfenstein rented for his company the very same factory halls of the former Angensteiner wall clock factory in which Fritz Sauter had worked twenty-five years earlier. Because of the location, Helfenstein named his company "Flanschenfabrik Angenstein". Under the shortened name "Angenstein AG", the company celebrated its seventieth anniversary in 2009.

In the same year, 1939, in which Helfenstein became self-employed, Fritz Sauter suffered his first heart attack. Helfenstein was once again needed at Fr. Sauter AG. He joined the company as an employee and became the operational manager of the Basel plant. A division of responsibilities was agreed upon with Christian Bernet: Bernet was responsible for apprentice training as well as construction and facilities matters, while Helfenstein assumed the remaining functions of plant management. Bernet formally served as director and plant manager, while Helfenstein, as production manager, effectively ran the factory.

When gas became scarce at the beginning of the war, the Basel Electricity Works demanded the provision of electric hotplates. Drawing on his experience in France, Helfenstein brought such a product to serial production readiness within a few weeks, whereupon Fr. Sauter AG immediately began deliveries⁵⁷.

The relationship between Fr. Sauter AG and Helfenstein's own company, Flanschenfabrik Angenstein AG, proceeded without conflict. At Fritz Sauter's request, Helfenstein refrained from assuming operational management of his own company as long as he was employed at Fr. Sauter AG. His wife, Marie-Louise Helfenstein-Kunz, therefore had to manage operations in Angenstein. Adam Helfenstein worked mornings and afternoons at Sauter as an employee and during his lunch break on his own account in Angenstein. Every midday, Fritz Sauter would wait for Helfenstein, drive him to Aeschenplatz, from where Helfenstein took the tram to Aesch, while Sauter himself went home for lunch. Even during his lunch break, Helfenstein worked tirelessly and nourished himself from a small pot prepared for him by his wife⁵⁸.

According to the consistent recollections of his son Bruno Helfenstein and Franz Nick-Bernet, Adam Helfenstein was a "workhorse" who worked without interruption.

Beginning in 1939, Helfenstein initially supplied Fr. Sauter AG and later other customers with flanges. Flanges are metal discs used to connect pipes and attach valves. Heating boilers were connected to water pipes with the aid of flanges. During the war, the art of flange production consisted primarily of procuring raw materials. Helfenstein traveled throughout Switzerland in search of scrap metal. Particularly in the cantons of Valais and Graubünden, he found discarded pressure pipes from power plants with diameters of several meters that were suitable for flange production. Even the old steel bridge over the Birs River near Aesch ended up in Helfenstein's factory after its demolition and was processed there into flanges.

Fr. Sauter AG purchased the flanges from Helfenstein at market prices. According to his son's recollections, Helfenstein earned a great deal of money in the first ten years of his flange business. That he was simultaneously able to perform so successfully as operations manager at Sauter appears in retrospect almost miraculous. The personal relationship between Helfenstein and Sauter was based on trust and partnership. Helfenstein and his family were frequent vacation guests at the Gerbi in Grindelwald.

When Sauter sold its stake in Procédés Sauter to Garnier in 1948 and thereby left the manufacture of heating boilers and household appliances for the French market to Garnier, Helfenstein assumed management of the successor company founded by Sauter, *Sauter Appareils Automatiques SA* (hereinafter "SAA").

A year earlier, in 1947, Flanschenfabrik Angenstein AG and Fr. Sauter AG had purchased building land in close proximity east of the main road. Helfenstein erected a new factory

⁵⁷ Recollection of Franz Nick-Bernet, communicated on October 13, 2010.

⁵⁸ Cf. KOCHER, p. 8.

building on his property, while Sauter left its own land undeveloped and instead rented rooms in Helfenstein's building, where entire departments of Fr. Sauter AG were housed. This was done because it was easier to recruit workers - especially women - for factory work in Aesch than in Basel. Thus, for a time, Adam Helfenstein was in his own factory building the manager of the Sauter departments located there, while his wife managed the flange factory, the flange factory acted as landlord for the rooms used by Fr. Sauter AG, and at the same time Fr. Sauter AG was Adam Helfenstein's employer.

In addition, Helfenstein exercised his leadership role at SAA in St. Louis until his departure from the Sauter Group in 1956, although probably with less intensity toward the end after a heart failure in 1954 forced him to reduce his workload. Helfenstein's departure from Sauter may also have been influenced by the fact that the new management - Winiger and Lais - viewed his dual role skeptically⁵⁹. In fact, the arrangement was far removed from today's textbook standards of corporate governance - possible and successful only thanks to the cooperation of personalities completely convinced of their own integrity and that of their partner, and capable of unconditional mutual trust.



Fritz Sauter's handshake with General Henri Guisan
at the Sauter booth during the Basel Sample Fair (Mustermesse) 1947

⁵⁹ Cf. the minutes of the Board of Directors meeting of August 19, 1955, written by Walter Merker, in which, without further details, a "Helfenstein matter" was discussed that allegedly made the summary dismissal of the accountant Jecker necessary at Sauter. Paul Riesen stated at the time that the matter was in order. Jecker's dismissal was not discussed again thereafter.



Aerial views of the factory in Basel 1960



Aerial view of the factory in Basel 1965

Lack of Succession Planning and Aging Leadership as Causes of the Difficulties

Why did neither Fritz Sauter nor Adam Helfenstein ever consider that Helfenstein might assume overall leadership of Fr. Sauter AG after Sauter's death? The answer may lie in the fact that Helfenstein, from his own perspective, was primarily focused on building his own company, making the takeover of Sauter's position unrealistic. From Sauter's perspective, however, appointing Helfenstein as successor would certainly have been conceivable. There was, however, a cultural difference: Helfenstein was Catholic, Sauter Protestant Reformed. In addition, Fritz Sauter appears to have remained largely passive regarding succession planning and, even after his first heart attack in 1939, failed to recognize the signs of the times. According to a statement by Paul Riesen, Sauter had hoped that his son-in-law Walter Merker would assume succession within the family. However, no concrete arrangements were ever made.

Chapter Five: 1957-1999

The Saxer/Bruggmann Era (1957-1970)

At the same time as the sale of their shares, board members Clavel, Lais, and Bänninger resigned from Sauter's board of directors on December 31, 1956. The new chairman became Dr. Ernst Saxer, then 64 years old. With a firm hand, he kept the shareholders united until his resignation in 1974 and steadfastly protected the company against the takeover plans of Landis & Gyr.



Jean C. Bruggmann, CEO 1957-1970

Since Landis & Gyr was not entered in the register of Sauter shareholders, Saxer continued sending invitations to the general assemblies to the sellers of the shares who were still registered as shareholders, namely Alexander Clavel-Respinger, René Clavel, Ernst Lais-Wanner, Georg Krayler-La Roche, and Rudolf Forcart, as well as Mrs. A. La Roche-Respinger and Mrs. M. Seiler-La Roche. Saxer maintained this practice even after these individuals had died, although the invitations were returned year after year marked "addressee deceased". (In the third Finexport trial of 1978/79, Dr. Niklaus E. Schiess, on behalf of the plaintiff, described the sending of Sauter invitations to deceased persons as "tasteless", whereupon Dr. Rudolf Sontheim abandoned the practice after Saxer's death in 1981.)

Saxer dismissed Gottlieb Steiner on July 31, 1957. On August 15, Jean C. Bruggmann succeeded him. The rehabilitation of Paul Riesen through reelection to the board of directors was no longer possible, since Riesen died on August 19, 1957. Instead, the board was supplemented by the election of Dr. Ernst Bernet, the youngest brother of Rosa Sauter-Bernet and Christian Bernet⁶⁰.

As early as the beginning of 1957, Dr. Andreas C. Brunner-Gyr attempted to initiate discussions with Sauter's board of directors. Brunner, then only 34 years old, had one year earlier assumed power at Landis & Gyr together with his brother-in-law Gottlieb Straub-Gyr. He was the son of the well-known Zurich theologian Emil Brunner and the son-in-law of Karl Heinrich Gyr, who in 1905 had given the Zug electricity meter factory (formerly Theiler & Co.) the name "Landis & Gyr" through his partnership with Heinrich Landis. Brunner remained the head of the Zug-based group until 1984. As a specialist in financial engineering, Brunner restructured the capital and shareholder structure of Landis & Gyr, introduced transparent accounting, and had shareholders participate in the company's profits in the form of bonus

⁶⁰ Ernst Bernet was a member of the Board of Directors until around 1970. After his resignation, Fritz Sauter's elder daughter, Margaretha Brückner-Sauter, was elected to the Board of Directors. She retired in 1980 at the age of 65. Her son Christian Brückner was elected to the Board in her place.

shares instead of dividends. (From 1967-1975, Brunner was the representative of the Canton of Zug in the National Council, where, with the missionary zeal of a pastor's son, he applied his financial brilliance to the then-current pension reform with such uncompromising commitment that he was voted out in 1975 due to growing unpopularity, thus confirming the old adage that too much brilliance can be a disadvantage in Swiss federal politics).

Brunner did not conceal his intention of integrating Sauter into the Landis & Gyr group. At the same time, however, he showed a paternalistic understanding of Sauter's desire for autonomy. He therefore advocated a cautious, gradual approach, while never hiding his long-term goal of incorporating Sauter.

In a letter dated February 15, 1957, Brunner expressed his alleged concerns about Sauter's future and presented himself almost as a kind of patriarchal guardian:

*"On the other hand, I am troubled by the fact that the question of the personal participation of the principal shareholder families in the highest active management appears to be more than unresolved; Mr. Gengenbacher, as the only direct representative of the shareholders under the permanent authority of Mr. Steiner, can hardly have a satisfactory position of the kind actually necessary to preserve the company's character as a family business. Since it is also unclear in the long term whether the families of the principal shareholders truly possess the necessary next generation for the highest active leadership, the question arises whether the company may not increasingly lose its character as a family enterprise in one way or another. [...] The board of directors will hardly be able to avoid the conclusion that planning is made considerably more difficult by the fact that the path to the highest active management is to remain open indefinitely for as yet unknown family members."*⁶¹

Brunner was not entirely wrong in this assessment. Given Margaretha Brückner's efforts to prepare her sons - if suitable - for careers within the company, the career prospects for non-shareholders were difficult to predict at that time.

Ernst Fehr became director of Fr. Sauter AG in 1966, initially as Technical Director under the overall leadership of Jean C. Bruggmann and later, from 1970 onward, as General Director responsible for the entire company. In 1966, Fehr encountered a Board of Directors composed of Dr. Ernst Saxer, President; Walter Merker, Vice President; Dr. Ernst Bernet; Dr. Rudolf Koller; and Erwin Gengenbacher. Gengenbacher, son of co-founder Rudolf Gengenbacher, was also operationally active in the company, where he headed sales.

During his first two months in office, Fehr conducted an analysis of the company, which he presented to Ernst Saxer in November 1966⁶². The report showed total sales of just under 40 million Swiss francs, corresponding to revenue of nearly 32,000 francs per employee. (Adjusted for inflation, this corresponded to approx. 130 million francs in 2010 or 105,000 francs per employee. At that time, with around two-thirds of the current workforce, the company generated a total turnover of one-third.)

Fehr found that the company lacked a cost accounting system. There was no in-depth knowledge of the profitability of the various products and business sectors. The company relied on flat-rate surcharges applied to material and labor costs. Data collection was incomplete and processed using punch cards⁶³. The introduction of electronic data processing was still only in the preliminary evaluation stage.

⁶¹ Letter in the possession of the author.

⁶² Disregard for official channels was characteristic of the conditions at the time. Saxer used the newly hired Ernst Fehr to obtain an operational analysis that did not pass across the desk of the acting director Bruggmann and was not influenced by him.

⁶³ The introduction of punch cards as a means of automated data processing was announced in the Sauter House Journal No. 24/25 of December 1953, p. 6.

Concepts such as cash flow, EBIT, or EBIT margin were not yet calculated at that time. The report reflected the sales-oriented mindset of the era and the absence of any focus on profitability. (A comprehensive cost-unit accounting system with correct allocation of all internal transfer prices was only introduced 25 years later under Joseph Leimgruber).

Fehr also observed that the product range was far too extensive and fragmented: more than 6,000 basic device types were offered in over 60,000 variants. In addition, there were more than 24,000 components. Only ten percent of the product types generated eighty percent of sales. The most important products were Equitherm and Flexotron.

Production took place at three locations: Basel, St. Louis, and Freiburg. Certain products were manufactured simultaneously at two sites in order to ensure delivery at all times, even in the event of customs problems. Fehr ended these duplications.

Fehr proposed a drastic streamlining of the product range and the closure of the technical department for oil and gas firing systems. For this he was sharply criticized on the board of directors. Dr. Rudolf Koller remarked that Fehr had not been hired in order to throw things away. Consequently, Fehr was able to implement his ideas only gradually.

Among Fehr's personal observations⁶⁴ was the intellectual distance between company management and the feared chairman of the board, Ernst Saxer, who operated from his law office in the city. Although Saxer did his utmost to advance the company, he always viewed matters from the detached perspective of a lawyer without technical expertise.

Saxer categorically rejected flexible working hours because, in his opinion, people should become accustomed to punctuality. He objected to a company cafeteria on the grounds that people should go home for lunch. Vacations, to him, were signs of poor work ethic. About himself he once said that he would take a vacation on the day when all his unfinished work had been completed - but that day had never yet arrived.

The chairman's autocratic leadership style and his lack of knowledge about operational procedures had led to managerial weaknesses during the final years of Bruggmann's directorship. This became apparent, for example, in the fact that the new building completed in 1965 at the corner of Surinamstrasse and Riehenstrasse was not part of any coherent architectural concept.

During the Saxer era, the Saxer family acquired a substantial stake in the company's share capital, partly through the purchase of shares from the Gengenbacher family, which had gradually withdrawn over the course of two generations.

⁶⁴ Recollection of Ernst Fehr, orally communicated to Christian Brückner on April 21, 2010.

On the Personality of Ernst Saxer

Ernst Saxer was one of those personalities whose personal dedication and determination secured the independent existence of the Sauter company. Had Ernst Saxer not been in his position at that time, the Sauter company would probably no longer exist today.



Dr. Ernst Saxer, c. 1974, Chairman of the Board of Directors 1957-1974,
Chairman of the pool of shareholders 1957-1981

Ernst Saxer (1891-1981) came from a large farming family in Nussbaumen in the canton of Thurgau. Throughout his life he spoke his Thurgau dialect and never adopted the Basel dialect. He was highly gifted. Everything he built during his life he achieved through his own efforts. In his first course of study he earned the title Dr. phil. and became a teacher at the Basel Girls' Gymnasium in 1917. After a second course of study he became a jurist, earning a doctorate in law, and qualified as an attorney and notary. In 1930 he opened his own law office in Basel. As a business lawyer he became friends with Fritz Sauter and later served as his legal adviser. Thanks to his economic acumen he was appointed to several boards of directors, including those of Sandoz and Danzas, and from 1956 onward that of Fr. Sauter AG.

When the young Saxer achieved financial success, he turned his rural origins into a hobby. In 1933 he purchased the farm Sur la Croix near St. Ursanne and operated it as an agricultural enterprise. Two of Saxer's four children, namely his daughter Maja, who was trained as a veterinarian, and a mentally disabled son, spent their lives on this farm. The other son, Andreas, like his father, became a Dr. iur., advocate, and notary, and later also a member of the Board of Directors at Sauter.

Saxer's younger daughter died during her honeymoon in India when she was caught in a current while swimming in a reservoir. Saxer never overcame this loss. For the rest of his life he carried the grief for his daughter with him. In public he appeared only in a black suit and black tie.

Saxer never spoke about his first profession as a teacher. What remained, however, was a didactic manner and a self-perception as the teacher of everyone around him - regardless of age or rank. His boundless self-confidence and the almost stubborn consistency with which he pursued what he considered ethically right and economically reasonable gave him a natural superiority. Wherever Saxer sat, that was the head of the table.

His conviction that he himself was on the right path was unique. During preparations for the third Finexport lawsuit⁶⁵, he told the author in 1978, who had by then assumed the legal mandate for Fr. Sauter AG: "This lawsuit cannot be lost!" Although the author himself saw little chance of success, Saxer proved correct: Fr. Sauter AG won the case.

After the death of his wife in 1978, Saxer increasingly lived in solitude. His great authority created a noticeable distance between himself and other people. At the same time, however, precisely this authority and steadfastness were of inestimable value to Fr. Sauter AG during a difficult period.

The Fehr Era (1970-1989)

Ernst Fehr joined Sauter on September 1, 1966, initially as Technical Director under Jean C. Bruggmann and Ernst Saxer.

When Fehr replaced Bruggmann as General Director in early 1970, the company was in poor condition. The board of directors under Ernst Saxer did not really know what measures should be taken. Saxer saw salvation in new products that were to surpass everything else on the market in both price and technical sophistication. At the same time, he complained that Sauter lacked the talented engineers capable of developing such products.

As a result, hopes increasingly focused on the founder's grandsons - Andreas, Markus, and Ulrich Brückner - who had by then completed studies in electrical engineering.

In 1971, two representatives of the Saurer company in Arbon, *von Fellenberg* and *Geiser*, contacted Saxer in order to examine the possibility of a merger between Saurer and Sauter. Saxer was positively impressed by the two gentlemen. When Fehr reported an operating deficit of four million Swiss francs and liquidity problems in May 1971, urgent action appeared necessary. Von Fellenberg, however, made clear that he could only imagine a merger in the form of relocating production from Basel to Arbon - a proposal rejected by both Saxer and Fehr. After Sauter overcame the acute crisis through its own efforts, the contacts with Saurer were not pursued further.



From left to right: Ernst Fehr, CEO 1970-1989
Walter Strohmeier, Deputy Director (Technology) 1955-1990
and Bruno Junker, Deputy Director (Technology) 1955-1985

⁶⁵ The process is described in the section after next ("The Third Finexport Trial (1978-1979)").



From left to right: Ekkehart Brückner, Deputy Director (Technology) 1948-1985
Jakob zum Wald, Deputy Director, Head of Manufacturing 1954-1985
Erwin Gengenbacher, Deputy Director, Head of Sales 1952-1975, Member of the Board of Directors 1952-1988

In 1972 Andreas Brückner joined the company after coming from CERN in Geneva. He later became the intellectual father of the central control system for the climate regulation installations sold by Sauter.

In 1973 Fehr reorganized the company into three divisions: Control Technology (Leittechnik, LT), Building Technology (Haustechnik, HT), and Energy Technology (Energietechnik, ET). Andreas Brückner assumed leadership of the LT division, Walter Strohmeier of HT, and Markus Brückner, after joining the company, took over ET.

Andreas Brückner proved to be the true heir to Fritz Sauter's technical talent. With extraordinary efficiency and only a few employees, he rapidly developed a control system that was technically ahead of the competition.

Markus Brückner joined the company in 1974 after coming from BBC Baden. Thus, two of the company's three divisions were now headed by grandsons of the company founder.

The oil crisis following the Yom Kippur War of 1973 led to a worldwide economic slowdown that reached its low point in 1975. Fr. Sauter AG was not spared. Issue No. 73 of the Sauter House Journal from June 1975 appeared on cheap, low-quality paper and carried the note "economy issue" on the front page. Ernst Fehr opened the issue and subsequent editions with remarks on the poor business situation and called upon employees to stand together in solidarity during difficult times.

Ulrich Brückner joined the company in 1982 after working for Schindler in Ebikon. From 1986 onward, as successor to Jakob zum Wald, he headed production and assumed additional group-wide responsibilities.

The Third Finexport Lawsuit (1978-1979)

In 1974, Ernst Saxer, now 83 years old, resigned from the board of directors. However, he remained chairman of the shareholder pool until his death in 1981.

The new chairman of the board became Dr. Rudolf Sontheim, who had previously worked at BBC. At the same time, Saxer's son Dr. Andreas Saxer joined the board.

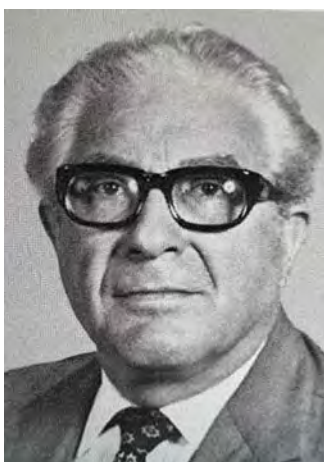
The transition from Saxer to Sontheim and certain conciliatory gestures by Sontheim toward Landis & Gyr encouraged Landis & Gyr to demand the membership rights that Saxer had denied since 1957: the shareholder rights associated with the Sauter shares held under the name Finexport SA in the share register of Fr. Sauter AG. In 1978 Landis & Gyr issued an ultimatum demanding that the representative of Finexport SA from Zug be allowed to exercise all shareholder rights at the next general meeting.

Ernst Saxer, however, made clear to his successor Sontheim that under no circumstances should he concede to this demand. Following the 1978 general meeting, the third arbitration

proceeding of Finexport SA against Fr. Sauter AG was initiated. The arbitration ruling of July 16, 1979, was favorable to Sauter, since the claim was dismissed. However, the reasoning of the judgment stated that the membership rights associated with the Sauter shares held by Finexport SA still belonged to Elektrowatt:

"From the foregoing considerations, it follows that the plaintiff [Finexport SA], as long as it is controlled by the Landis & Gyr Group, cannot derive any membership rights from its ownership of Sauter shares [..]. On the other hand, the membership rights in question are not 'suspended.' Rather, the consequences of the Federal Supreme Court's separation theory (83 II 297, 90 II 235) must be drawn: From the separation of membership rights from property rights, it follows that for the duration of the control of Finexport SA by the Landis & Gyr Group, the membership rights corresponding to the plaintiff's Sauter shares [...] may be exercised by Elektrowatt AG, since it is this company that sold the Finexport shares without transferring the membership rights and thus continues to own the membership rights."

The so-called separation theory of the Swiss Federal Supreme Court held that, in the case of registered shares with transfer restrictions, ownership rights and membership rights could be separated if the purchaser was not recognized as a new shareholder. Accordingly, ownership and dividend rights pass to the buyer, but membership rights such as participation rights, voting rights, or the right to information do not. These remain with the seller until a new purchaser is recognized and entered by the company. - According to the arbitration court, Elektrowatt should therefore have been able, since 1957, to exercise the membership rights associated with the Sauter shares held by Finexport SA.



Rudolf Sontheim, Chairman of the Board of Directors 1974-1989

Foundation of Fr. Sauter Holding AG (1984) and Failed Attempts to Separate from Landis & Gyr

After the successful conclusion of the lawsuit, Christian Brückner was elected to the board of directors of Fr. Sauter AG at the 1980 general meeting.

Ernst Saxer died in 1981. Most of his shares passed to his son Dr. iur. Andreas Saxer, while a smaller portion went to his daughter Maja Saxer. Andreas Saxer was an attorney and notary in Basel and had been a member of Sauter's board since 1974. Maja Saxer managed the *Sur la Croix* farm near St. Ursanne. She had no interest in Sauter and attended no meetings.

With the disappearance of Ernst Saxer's strong personality, unrest spread within the shareholder pool. The dividends, which at the time generally amounted to eight percent of nominal

value, appeared to many shareholders to be an inadequate return and led to desires to sell. However, there were too few shareholders within the pool willing to buy at the prices demanded by those wishing to sell.

A shareholders' committee under the leadership of the new pool chairman Andreas Saxer believed it had discovered the "Columbus egg" solution by founding Fr. Sauter Holding AG and subsequently launching it on the stock exchange.

At a meeting in Zug on October 12, 1982, Andreas Saxer and Christian Brückner examined the possibility of accommodating Landis & Gyr in such a way that it could sell its Sauter stake on the stock exchange. Andreas C. Brunner, accompanied by Gottlieb Straub and a corporate lawyer, rejected all proposed solutions. Brunner first explained that in the field of building control technology there were three major companies operating in the United States: McShaw, Johnson Control, and Honeywell. In Switzerland alone, however, there were four: Landis & Gyr, Stäfa Control, Elesta, and Sauter. From an industrial perspective, he argued, this was nonsense. The proper solution would be to merge these four companies under the leadership of Landis & Gyr. - Landis & Gyr, he said, had originally become involved in the Sauter shareholding through Elektrowatt. The shares had been "on ice" for twenty-five years. Brunner attributed the difficult relationship between Sauter and Landis & Gyr to personal tensions between Fritz Sauter and Brunner's father-in-law Karl Heinrich Gyr, who, with his birth year of 1879, was about the same age as Fritz Sauter (born 1877). In Brunner's assessment, the negative attitude toward Landis & Gyr was carried on by Fritz Sauter's widow after his death, as a kind of legacy from her late husband to whom she thus remained loyal. From Mrs. Sauter, the animosity then passed to Dr. Ernst Saxer. - At the same time, Brunner emphasized the financial and organizational modernization that he and Straub had implemented at Landis & Gyr: the introduction of transparent accounting, strictly reporting only the depreciation required for business purposes, not what was tax-permissible or manipulated, the establishment of a holding company, the issuance of the first convertible bond, and shareholder participation through bonus shares instead of high cash dividends. This made it possible to attract a large number of third-party shareholders to the company. Since 1956, Landis & Gyr had on balance not paid out a single franc in net dividends, but had always fully recovered the dividend in the form of capital increases. However, because an attractive net profit was reported annually and a good portion of it was "distributed", public interest and the banks' confidence in the company were always maintained.

Landis & Gyr had even reserved additional shares in 1956/57 to offer Sauter shareholders in exchange for their Sauter shares, which was intended to lead to the incorporation of the Sauter company into the Landis & Gyr group. The offer was unfortunately rejected by Sauter, which in retrospect was very much to the detriment of the Sauter shareholders: Had Sauter accepted this offer, those participation rights would have been worth around 50 million Swiss francs by that time. Landis & Gyr had increased its paid-in share capital from 10 million in 1956 to 253 million in 1982 and also showed earned reserves of 581 million francs.

Andreas Saxer and Christian Brückner realized that reaching an understanding with Brunner at that point was impossible. Therefore, the foundation of Fr. Sauter Holding AG was prepared without further consideration for Landis & Gyr. The holding company was created, among other reasons, so that pool shareholders could exchange their existing Fr. Sauter AG shares for holding company securities, most of which would be tradable on the stock exchange and therefore easier to sell. At the formation through contribution in kind on December 21, 1984, shareholders received for one registered Fr. Sauter AG share with a nominal value of 1,000 Swiss francs one new registered share of Fr. Sauter Holding AG worth 100 francs, one bearer share worth 400 francs, and five participation certificates worth 100 francs each. The holding company's registered shares remained restricted and pooled. The freely tradable securities, representing ninety percent of the participation, were intended to be sold via stock exchange listing.

The assets of the holding company consisted exclusively of the 64 percent shareholding in Fr. Sauter AG that had previously belonged to the pool. Landis & Gyr's 36-percent stake remained outside the holding company. The holding's capital at its founding was thus 3.2 million francs, corresponding to the nominal value of the former Pool shares.

After Brunner and Straub withdrew from their active functions at Landis & Gyr in 1984, Sauter's board once again hoped for a disentanglement.

The new chairman of Landis & Gyr, Georg Krneta, and group chief executive Dieter Syz appeared open to a solution. At a meeting on October 7, 1987, it was agreed in principle that Landis & Gyr would exchange its 1,800 Sauter shares for an equivalent package of holding company participation certificates. At the time, all parties assumed that this package could be sold on the stock exchange for around ten million Swiss francs. This would have allowed Landis & Gyr to dispose of its strategically insignificant holding without Sauter having to raise money.

However, immediately after the agreement, Brunner exercised his decisive veto.

A final attempt at disentanglement took place on November 6, 1987, when Walter Merker, Ernst Fehr, and Christian Brückner visited Andreas C. Brunner at his villa in Zug. Brunner was already terminally ill and received the guests in a dressing gown. At the very beginning he declared: *"soon everything will be over for me. I have lung cancer."* He mocked the disentanglement concept favored by Krneta and Syz and asked why Sauter was making such a poor repurchase offer. He asked: *"Is it pure hatred?"* - Brunner equated Sauter's enterprise value with its group sales at the time (1986: 167 million⁶⁶) and valued the 1800 Sauter shares at one-third of this amount. The 10 million offered by Sauter was out of the question for Brunner.

Brunner criticized not only the offer itself but also Sauter's new holding structure, which in his view disadvantaged minority shareholders. He also criticized the lack of transparency in accounting, the creation of large hidden reserves, and the associated artificial reduction of reported profits.

After this conversation, any hope of a rapid disentanglement from Landis & Gyr finally disappeared.

The Failed Stock Exchange Listing (1987)

In preparation for the stock exchange listing, the capital of the holding company was increased to five million Swiss francs on October 14, 1987. The participation certificates were split into securities worth fifty francs each.

The stock exchange launch under the leadership of the Swiss Bank Corporation was scheduled for November 22, 1987. However, on October 19, 1987, the worldwide stock market crash occurred. As a result of this event, the stock exchange listing was initially canceled and later never attempted again. In retrospect, it was even regarded as fortunate that Sauter had been spared the constraints and uncertainties of the capital market.

Andreas Saxer had assumed the presidency of the holding company at its founding, while Rudolf Sontheim remained chairman of the operating company Fr. Sauter AG.

In 1987 Andreas Saxer personally encountered difficulties after a company he chaired went bankrupt and liability claims were asserted against him. From then on he was largely paralyzed professionally. He died in 1991 at the age of 67. When Rudolf Sontheim resigned in 1989, Christian Brückner assumed the chairmanship of both Fr. Sauter AG and Fr. Sauter Holding AG, as well as leadership of the shareholder pool. He held these functions until 1999.

⁶⁶ Adjusted for inflation, this corresponded to revenue of 246 million at 2010 prices.

The Brückner Era (1975-1999)

Ernst Fehr remained an influential organizational force until his retirement in 1989. Nevertheless, it is justified to describe the period from around 1975 onward as the "Brückner Era", since the technical innovative strength of the Brückner brothers became effective soon after Andreas Brückner joined the company.

Margaretha Brückner-Sauter had raised her sons with the goal of providing the Sauter company with new leadership from within the family and thereby preserving the life's work of her father Fritz Sauter. Andreas, Markus, and Ulrich Brückner studied electrical engineering at ETH Zurich. Christian Brückner became a lawyer and, between 1967 and 1971, was already employed by Ernst Saxer as secretary to the board of directors. As successor to Ernst Bernet⁶⁷, Margaretha Brückner was a member of the Board of Directors from approx. 1970 to 1980. Her successor on the Board of Directors was Christian Brückner.

With the change at the top of executive management from Ernst Fehr to Hanspeter Wagner, the previous superiority of the general director over the division heads came to an end. Although Wagner was loyal to the company, he possessed little authority over the Brückner brothers as shareholders. This created a situation in which members of management either had to find consensual solutions or block one another. Christian Brückner, as chairman of the board, lacked both the authority and in part the specialized knowledge necessary to enforce final decisions.



Left: Hanspeter Wagner, CEO 1989-1999
right: Andreas Brückner, Head of Control Technology / Systems 1975-1999

⁶⁷ Ernst Bernet was the youngest of eight children of Peter Bernet and Elisabeth, née Brawand, from Stotzhallen in Grindelwald. Ernst was the only one of the eight children allowed to attend university. After the older siblings had left the parental home, his parents were able to finance this education. At the University of Bern, Ernst was an active member of the Helvetia student fraternity. As Dr. med. vet., he opened a veterinary practice in Huttwil. After marrying Margrit, née Müller, the daughter of the innkeeper of the "Krone" in Aarberg, he practiced in Wangen an der Aare. He subsequently embarked on a career as a professional army officer, became Chief Army Veterinarian, and attained the rank of Brigadier Colonel. Thanks to his military distinction, he was the pride of the family - perhaps even more so than Fritz Sauter, whose achievements were less obvious from the Grindelwald perspective. On the Board of Directors of Fr. Sauter AG, Ernst Bernet was an influential voice. His common sense and clear views compensated for his lack of experience in industrial and technical matters.



From left to right: Christian Brückner, Chairman of the Board of Directors 1989-1999
Markus Brückner, Head of Energy Technology / Components 1985-1999
Ulrich Brückner, Head of Manufacturing 1986-1999

In 1989 the board planned a capital increase for Fr. Sauter AG. Because of opposition from Landis & Gyr, the project was abandoned. Instead, in 1990 only two linguistic amendments to the company statutes were adopted, namely the shortening of the company name "*Fr. Sauter A.G. Factory of Electrical Apparatuses*" to "*Fr. Sauter AG*", and a different description of the subscription right of the shareholders in case of capital increases. The previous wording "*preferential right to subscribe to new shares*" was replaced by the wording "*subscription right*". - Landis & Gyr challenged these resolutions through Finexport SA. This gave rise to the fourth arbitration proceeding. The case was conducted by Landis & Gyr with great effort and in 1993 once again ended in a complete victory for Sauter. However, this judgment also mentioned that the membership rights connected to the Sauter shares held by Landis & Gyr still belonged to Elektrowatt or to the former shareholders of the La Roche group.

Since the death of Andreas Saxer, the Merker, Brückner, and Nick-Bernet families gradually bought out the members of the Saxer family willing to sell. This created a strong majority shareholding that Fritz Sauter himself had never possessed during his lifetime. In the following years, the large volume of the share packages to be acquired necessitated the financial assistance of the two Sauter pension funds. As a result, the pension funds became significant shareholders and, at the same time, members of the Pool.

In the 1990s the company once again entered a phase of stagnation and internal tensions. The conflicts revolved primarily around the question of whether standard personal computers should be used as control devices and around the decision between proprietary or open control systems. Andreas Brückner adhered to his proprietary technology, while other members of management favored open and network-capable systems. Additional conflicts arose over competencies, responsibilities, and the factory's readiness to deliver. Personal sensitivities increasingly hindered objective management decisions. On April 28, 1997, Dr. Andreas Meister, head of the Swiss sales organization, submitted his resignation and justified it in part by stating that the company was "*leaderless and ungovernable*".

Among the rest of the management as well, concerns became so pressing that in 1997 the board of directors and executive management jointly concluded that fundamental changes were necessary.

Christian Brückner felt unable, as chairman of the board, to resolve conflicts in which he and his brothers themselves were involved. Therefore, in the summer of 1997, he brought in the former Danzas chief executive Dr. Bernd Menzinger to lead the company's restructuring.

With the consent of the Brückner brothers, Menzinger commissioned the firm *MAZ Management auf Zeit AG* to conduct a problem analysis and develop an action plan.

MAZ employees subsequently established offices at Sauter and began a comprehensive analysis. In 1998 the board of directors was informed of the results. The Board of Directors initially hoped to implement the recommendations without the assistance of MAZ. There were contacts with a certain Peter Fink, who was interested in taking on this task and who, for this purpose, would have replaced Sauter's previous CEO, Hanspeter Wagner. However, Fink withdrew.

The implementation mandate was then transferred to MAZ. In the summer of 1998, MAZ employees once again moved into their offices at Sauter, now in the role of temporary management. Dr. Kurt Meier was appointed interim CEO of Sauter for the duration of the project. In this function, he reported to Dr. Bernd Menzinger, who retained overall responsibility for the project.

Among the measures introduced by MAZ was an extensive daily reporting system. The company was partially restructured, and the divisions were renamed "Business Units". The LT division, which had previously been managed by Andreas Brückner, became the *Business Unit Systems* under Hanspeter Wagner. The components business, managed by Markus Brückner since 1992, became the *Business Unit Components* under Günter Möbius. The plant, which continued to be managed by Ulrich Brückner, became the *Business Unit Production*. The Swiss sales organization, which had previously been operated by the parent company under the leadership of Dr. Felix Gassmann, was spun off into the newly founded subsidiary *Sauter Building Controls AG*. From then on, all countries were managed through subsidiaries. This ended the non-transparent mixing of Swiss sales figures with those of the Group. MAZ also initiated the long-overdue internal IT networking within the Sauter Group.

Unfortunately, the employees of MAZ treated Sauter's long-standing management with the same harshness they were accustomed to in restructuring projects involving insolvent companies, where the accusation was always present that the employees themselves were responsible for the company's failure and therefore deserved neither respect nor a hearing.

Andreas, Markus, and Ulrich Brückner soon gained the impression that the MAZ project was directed primarily against them personally and aimed at removing them from Sauter. Therefore, in the autumn of 1998, they demanded that the project be stopped or at least reduced in scope, that Dr. Menzinger be relieved of his duties, and that overall management be transferred to Dr. Werner Guyer, a fellow student and friend of Andreas Brückner. The requested changes were approved by a majority of shareholders. Dr. Menzinger resigned from all his positions. Dr. Guyer began his work.

Guyer initially attempted to bring the now openly hostile parties - MAZ and the Board of Directors on one side, and Andreas, Markus, and Ulrich Brückner on the other - to a consensus. Unsuccessfully. After familiarizing himself with the situation, Guyer did not consider an immediate termination or major reduction of the project to be expedient. The project therefore continued under his leadership largely along the existing course. At the same time, however, a new CEO was sought with great urgency and found in the person of Dr. Joseph Leimgruber. The intention of the Board of Directors was to replace interim CEO Meier with Leimgruber as quickly as possible and to terminate MAZ's mandate prematurely. However, Leimgruber would not be available before April 1999.

Despite this prospect, Markus and Ulrich Brückner submitted their resignations at the beginning of 1999. They no longer saw a future for themselves at Sauter.

A majority of shareholders then also demanded the resignation of Christian Brückner. He agreed to step down at the next ordinary general meetings in May and June 1999.

In April 1999, Joseph Leimgruber replaced Kurt Meier and assumed leadership as CEO. At the same time, a majority of shareholders nominated Ulrich Graf, then CEO of KABA, as an additional new member of Sauter's Board of Directors, believing that Graf would strengthen the company's highest leadership body with his technical expertise and industrial management experience.

Leimgruber criticized the new structure introduced by MAZ. He described the division of the company into various business units as an inhibiting segmentation. Instead of separating "Systems" from "Components", the company should maintain a single business area. This was called "*Building Control*".

At the ordinary general meetings of Fr. Sauter AG and Fr. Sauter Holding AG in the summer of 1999, Christian Brückner resigned from all his positions. Markus Brückner and Franz Martin Nick assumed leadership of the pool, and Dr. Rudolf Merker became chairman of both Boards of Directors. In the autumn of 1999, Merker withdrew from the Board of Directors of Fr. Sauter AG and handed over the chairmanship to Ulrich Graf. This happened against the wishes of Andreas, Markus, and Ulrich Brückner, who would have preferred their friend Mirco Lüthi as chairman.

In view of the continuing tense situation, Andreas Brückner, together with Markus and Ulrich Brückner, proposed to the shareholders in March 2000 that the company be sold entirely in order to resolve the tensions. A purchase offer from the American company Invensys was presented. The majority of shareholders rejected the sale.

In May 2000, the previous pool, most recently led by Franz Martin Nick and Markus Brückner, was dissolved. Under the leadership of Rudolf Merker, a new pool was formed under the name "Pool 2000". Most of the previous pool members joined Pool 2000, with the exception of Andreas, Markus, and Ulrich Brückner as well as the Bernet and Nick family branches. (The Nick-Bernet family joined the new pool in 2005.)

Joseph Leimgruber introduced a divisional accounting system for the company's most important areas of activity and gained several important insights: the Components division achieved a pleasing EBIT of 10%. The previously neglected service business had a small volume but was highly profitable. The control systems business, which represented the company's largest revenue area, however, showed a negative EBIT of -3%. The realization that the company's largest business area was actually generating losses demonstrated a clear need for action. Employees in systems sales were instructed to focus on medium-sized and smaller projects, as experience had shown that the risk of losses there was lower than in prestigious large-scale projects.

Tensions between Joseph Leimgruber and Andreas Brückner eventually led to Brückner leaving the company in December 2000.

Chapter Six: Retrospectives, Perspectives (1999)

Development of the Product Range - Part Two

Fritz Sauter initially focused the distribution of his time switches on power plants and later expanded the product range to include heating boilers and household appliances, which were profitably sold to a broader audience through intermediaries. After the Second World War, Sauter continued the power plant-oriented business for a limited period. Such side businesses were also pursued temporarily in other directions and with varying degrees of success. Over time, however, the true main path proved to be business with building constructors, namely the range of devices for *automated climate control in large buildings*. Today, the company is clearly focused on this core business.

In addition, Sauter always manufactured products that were supplied to other manufacturers and incorporated by them as components into their own products, which were then sold under a different brand. This was the so-called OEM business ("Original Equipment Manufacturer").

Before describing the development of the core business, some of the side paths that Sauter pursued temporarily over the years should be mentioned.

Energy Technology - Sauter's Product Range for Power Plants (1910-1992)

Fritz Sauter's first product, the time switch, as well as numerous later products, were aimed at power plants. This original core business became a secondary activity of the company after Fritz Sauter's death and was sold in 1992.

In 1927, Fritz Sauter was contacted by Ernst Boder, the head of the Olten power plant, in order to commercialize Boder's invention for the remote synchronization of electric clocks. After patent applications in Switzerland and Germany as well as a testing phase, contact with Boder was broken off again in 1930. Boder's idea was to synchronize all clocks connected to the same power grid at regular intervals using electrical control impulses from a master clock, thereby eliminating the need to manually set secondary clocks. The control impulses were to be transmitted over the public power grid by being superimposed onto the alternating current and interpreted by the secondary clocks as commands. In later decades, this technology ensured the accuracy of public clocks in railway stations and cities - and in some cases still does today. For Fr. Sauter AG, this would have been the beginning of *ripple-control* technology.

However, in 1930, Fr. Sauter AG failed to seize upon and fully develop Boder's highly innovative idea. Only 30 years later, beginning in 1960, was the range of time switches expanded to include ripple-control devices, although now not for the synchronization of clocks, but rather for switching devices such as heating boilers on and off. Instead of heating systems in private households switching on and off at fixed times by means of time switches, the power plant could use ripple control to manage the switching operations in such a way that electricity consumption across the grid was optimally balanced.

From 1974 onward, responsibility for Sauter's power plant-oriented product range lay in the hands of Markus Brückner. At that time, it was reorganized into the *Energy Technology (ET)* division.

In the 1980s, the production of electronic ripple-control receivers in St. Louis reached its peak. In contrast, sales of tariff time switches steadily declined and eventually dried up completely.

The ripple-control receiver KRT1 was the first fully electronic device of its kind on the market. It was manufactured in large series on assembly lines at Sauter's plant in St. Louis. The number of units produced to date for the central French electricity supplier Electricité de France (EdF) amounts to around three million devices, although this successful product has no longer belonged to Sauter since 1992.

A Brief Success: The Fully Electronic Remote-Readable Electricity Meter (1987-1992)

Between 1987 and 1992, the company achieved a short-lived success with a fully electronic and remotely readable electricity meter for buildings. Until then, the company had never been active in the field of measuring electricity consumption - that is, counting kilowatt hours. However, the late entry appeared sensible because the meters were installed in every household directly beside the time switches and ripple-control receivers, sharing the same customers as well as the same installation and maintenance locations. The remote readability made possible through full electronics was intended to eliminate the annual visit by an employee of the electric utility to read the meter.

The meter market, however, had always been firmly controlled by a few manufacturers, among whom Sauter was not included. In Switzerland, Landis & Gyr dominated this market. The manufacturers maintained an almost cartel-like commitment to their electromechanical devices and delayed the transition to electronics.

Electricité de France (EdF) therefore allied itself with the small outsider Sauter in order to break this cartel. With non-repayable subsidies from EdF, Sauter began in 1987 to develop a small fully electronic device with an integrated ripple-control receiver and remote-reading interface.

In December 1987, the French subsidiary of Landis & Gyr expressed interest in Sauter's new meter technology. Within Sauter's board of directors, the idea immediately arose of transferring this business to Landis & Gyr in exchange for recovering the 36-percent shareholding that the Zug-based company had held since 1957. At a meeting in Olten on April 26, 1989, Dr. Willy Kissling, recently appointed CEO of Landis & Gyr, explained that Stephan Schmidheiny regarded the stake in Sauter as strategically important and would not relinquish it merely to catch up technologically in the French meter business. Kissling personally spoke dismissively of the meter business and described meters as a mere "commodity", meaning a mass-product.

That same year, Sauter's electronic meter was publicly presented at a meter congress in Edinburgh. EdF subsequently ordered 90,000 devices as a large pilot series. The initial objective was to prove that electronic meters worked just as reliably as conventional mechanical devices and could withstand power fluctuations even in rural areas frequently affected by lightning strikes. The Sauter meters passed these tests successfully.

Nevertheless, the hopes attached to this technologically advanced product were not fulfilled. Although production in the millions appeared possible in France alone, EdF kept Sauter waiting so long after the successful pilot series that French competitors were able to catch up and submit competing offers. For Sauter, the waiting period became too long.

After a prolonged search, Sauter finally succeeded in selling the entire Energy Technology division (ET) to *Zellweger Luwa AG* in Uster. Instead of incurring high liquidation costs, Sauter even achieved an attractive sale price. The production facilities in France and the employees working there were also taken over by the buyer.

However, Zellweger was likewise unable to develop the meter business successfully and in 1993 even attempted to reverse the contract. In 1994 an arbitration proceeding against Sauter was initiated but later withdrawn. That same year, Zellweger sold the Energy Technology business to *Deutsche Zählergesellschaft*. Some of the former ET division products and their successors can still be found today in the product range of *Stepper France*, the French subsidiary of *Deutsche Zählergesellschaft*.

Establishment of the New "Components" Division (1993)

After the sale of the ET division, Sauter concentrated entirely on the business of heating, ventilation, and air conditioning (HVAC).

Markus Brückner, who had managed the ET division until 1992, now assumed responsibility for the stand-alone products within the company. His division was henceforth designated "Components".

Water Technology (1948-1996)

A remarkable sideline outside the actual core business was water technology, in which Sauter was active from 1948 to 1996.

After the Second World War, Sauter was still a "*factory for electrical apparatuses*", as expressed in its original company name. The product range included time switches and contactors. For controlling water reservoirs, Sauter additionally developed float switches that automatically switched pumps on or off depending on the water level.

In Les Brenets on the Doubs River, an initial installation with float switches, time switches, and pump contactors was implemented. The time switches ensured that reservoirs were filled during favorable nighttime electricity tariff periods. A decisive impulse for the water technology business came in 1955 through a typhus epidemic at the Cantonal Psychiatric Hospital of Perreux in Neuchâtel. Sauter was commissioned to rehabilitate the drinking water supply. Together with the *Compagnie des Eaux et de l'Ozone* in Paris, Sauter introduced the ozonization of drinking water and thereby eliminated the bacterial hazard. (By introducing gaseous ozone, which is pumped into the contaminated water in tiny bubbles and mixed with it, the water is made germ-free). - For Sauter, this led to a successful phase in the field of drinking water ozonation. Sauter built the systems in collaboration with the French company already mentioned. This company was represented in Switzerland by VAR SA⁶⁸ in Lausanne. At Sauter, the water business evolved from simple pump controls to the planning and realization of complete drinking water treatment plants.

VAR SA was founded by the watch manufacturer Omega and held the representation rights for the *Compagnie des Eaux et de l'Ozone*. When Omega withdrew from the ozone business in 1957, Fr. Sauter AG took over VAR SA. The director of VAR SA, Mr. A. Gagnaux, relocated the company from Lausanne to Basel. The offices of VAR SA were established at Claraplatz because there was no space available in the main building. In view of the positive business development, VAR SA was moved in 1967 to larger premises at Güterstrasse 311.

In 1972, the technicians of VAR SA presented Sauter's Board of Directors with a concept for air treatment according to which ozone technology should be extended to the purification of air. The idea was successfully implemented at a wastewater treatment plant on Lake Geneva. This success led to additional wastewater treatment plants being equipped with Sauter ozone systems for odor neutralization of exhaust air.

In 1973, the water business at Sauter was organizationally upgraded through the formation of the new Environmental Technology Division (Umwelttechnik, UT). This division stood alongside the Building Technology (Haustechnik, HT) and Control Technology (Leittechnik, LT) divisions as an equal entity. (As already mentioned, Energy Technology (ET) was added as a fourth division in 1974.) The UT division moved into premises at Lörracherstrasse 102 in Riehen. At the same time, VAR SA was relocated from Basel to Riehen and integrated into the new UT division. Ekkehart Brückner, a brother-in-law of Margaretha Brückner-Sauter, became head of this division.

Sauter achieved major successes in southern France with ozonation projects in Cannes, Monaco, and Nice. This occurred at a time when wastewater in France was no longer permitted to be discharged untreated into the sea. The ozone business was also successful in southern Germany. A major reference installation was located at the Sipplingen waterworks.

⁶⁸ Derived from "Ventes, Achats et Représentation".

Business activities in the field of water and exhaust-air ozonation developed internationally. The reference list of indoor and thermal swimming pools equipped with Sauter ozone systems became increasingly extensive. The quality of the equipment manufactured by Sauter itself was good.

From 1978 onward, technical difficulties arose with the ozone systems. The large ozone generators, now built in-house, did not function satisfactorily. At that point, however, Sauter's Board of Directors and Executive Management already regarded the ozone business as a secondary activity and no longer devoted the necessary attention to it. The ozone division was later sold to the company Theodor Christ in Aesch (BL).

The UT division thus lost an important pillar. After the retirement of Ekkehart Brückner (1984), his successor Bertold Ketterer and a young management team were expected to provide new momentum for the UT division. Ketterer attempted to win new customers with a low-price policy. However, in an already highly saturated market, this merely led to revenues continuing to stagnate while margins shrank.

Control technology was now also increasingly being used in water facilities. A new range of control-compatible devices for water treatment plants was developed. Development took place in the building technology laboratories under Walter Strohmeier. The development costs were internally charged to the UT division.

Because of the prevailing divisional mindset, it was not possible to build the UT product range on Sauter's existing control technology. Instead, under the leadership of Walter Strohmeier, the responsible development manager created a new proprietary control system for water technology, the WSR 3000. Sales figures remained low. The system was too expensive. It had cost a great deal of money and was never truly successful.

A final rescue attempt was made between 1992 and 1995 with a new market presence under the SAM brand, "Sauter Aqua Management". However, even this measure could not halt the decline.

In 1996, Sauter sold the entire UT division, now called "SAM", to the market-leading company Rittmeyer. Most of the employees of this division were taken over by Rittmeyer. The WSR 3000 product line was also transferred to Rittmeyer, but it was not accepted by the technical staff there and was discontinued.

In retrospect, it can be said that the market for fresh water treatment grew continuously and could have enabled successful business activities. Sauter entered this market with an initially product-oriented sales approach but failed to exploit the synergy potential with its building control technology. Ultimately, the ozonation devices and microfiltration systems represented a foreign technology for Sauter. The customer base - typically municipalities and cities - also differed from that of the building sector with which Sauter was familiar.

Memotime (from 1981 onward)

One final secondary business should be described here: the history of Memotime. Fritz Sauter began in 1910 with time switches. With this product group, the company achieved major market successes in Europe during the first decades of the twentieth century. Sales even extended to the USA: in the 1950s, a special 110-volt version in a waterproof housing was exported to the United States in large quantities for street lighting. The classic tariff time switches remained on sale the longest in France. In 1975, annual volume still amounted to 50,000 units. After that, however, the numbers declined rapidly. Tariff time switches were replaced by ripple-control receivers because ripple-control technology was considered more flexible and required less maintenance from the perspective of electricity utilities.

As a result, Sauter developed small electromechanical time switches in the early 1970s for sale through wholesalers. These devices were intended to compensate for the shrinking tariff time switch business.

Initially, these small time switches were equipped with escapements (corresponding to the balance wheel of mechanical clocks). With the advent of quartz watches, Sauter also switched to quartz technology. A small rechargeable battery provided the power reserve.

Based on the idea of reviving the time switch business, which was under price pressure, the technological transition from mechanics to electronics was viewed as an opportunity for a fresh start. The Memotime developed by Sauter was the first electronic time switch that could be flexibly programmed via a numerical keypad modeled after a pocket calculator. The product was designed by a professional designer and represented a premiere for Sauter both technically and aesthetically. For the first time, a microprocessor was used in continuous operation. This represented a technical risk because most computers of that era occasionally crashed and had to be restarted. For a time switch that was expected to operate continuously for years, such a risk of crashing was unacceptable.

With the Memotime, the problem was solved only after a period of experimentation. At the same time, new methods for the automatic testing of electronics in manufacturing were introduced. Memotime set standards for future electronics production with in-circuit testers and automatic functional testing.



Memotime, the first fully electronic time switch, 1981

Memotime was presented as a world first at the *Ineltec trade fair* in 1981. Since Sauter did not possess the appropriate sales channel to market the product through electrical wholesalers, a sales agreement for Switzerland was concluded with the company AWAG in Zurich. In other countries, however, no additional distribution partners could be found. It subsequently became clear that annual sales could scarcely be increased beyond a volume of 30,000 units. Globalization also led to the increasing relocation of electronics production to the Far East, from where inexpensive electronic products were imported into Europe. Electronic time switches are now available in department stores for under 10 Swiss francs. A Memotime manufactured in Basel can hardly be sold for less than 100 Swiss francs. Today, Sauter manufactures Memotime only in small quantities for several OEM customers.

However, the problem was not merely manufacturing costs. Memotime demonstrated particularly clearly that Sauter did not possess the appropriate sales organization for such consumer products, which must be sold in very large quantities.

The Core Business: Climate Control in Large Buildings (1935 to the Present)

When Fritz Sauter began manufacturing boilers, he simultaneously developed a boiler thermostat. In 1935, the "Reflex" climate controller was added to this product. "Reflex" marked the beginning of the business field that would later become Sauter's core business.

This core business was formerly abbreviated as "HVAC" (heating, ventilation, and air-conditioning control). Today, the English term "Building Control" is generally used.

Sauter began this business with control devices and valves for refrigeration technology. However, with this product range, Sauter remained overshadowed by the powerful competitor Danfoss, which expanded strongly in the market. Around 1954, Mr. Brüschiwiler, head of refrigeration technology at Sauter, moved from Sauter to Danfoss, whereupon the refrigeration technology department at Sauter was closed. In its place, a control engineering laboratory was established in 1955 under the leadership of Bruno Junker. At that time, Junker was regarded in Switzerland and Germany as an authority in the field of control engineering. He had written a highly respected technical book on the subject.

Under Junker, Sauter developed for the first time a complete HVAC product range for controlling air temperature, humidity, and pressure using the three technologies of electromechanics, pneumatics, and electronics. All three technologies remain part of Sauter's expertise to this day. Electronics experienced the strongest growth. Development progressed from vacuum-tube devices and transistor controllers to microprocessor-controlled equipment.

In 1970, under the responsibility of Herbert G uthner, the first supervisory control system was developed and introduced under the designation EY 200. It enabled centralized control and operation of HVAC systems. The next generation was introduced in 1977 under the designation EY 1200. This marked the beginning of the era of software-controlled systems at Sauter. For this activity, the Control Technology Division (LT) was established under Andreas Br uckner. Today, this division is called "Systems" in both German and English.

In 1985, the third generation of supervisory control systems followed under the designation EY 2400. Sauter's increasing focus on the building market meant that the national sales organizations (NSOs) increasingly had to independently plan and implement project engineering services for small and large supervisory systems close to customers. For this purpose, Sauter specifically developed the software-based engineering tool CASE (Computer Aided System Engineering). CASE contains a library of standardized solutions for typical system tasks and enables the same drawings and calculations originally prepared for quotations and order placement to later be used for installation and programming of the system, subsequently as the customer interface, and finally as the basis for invoicing at Sauter.

With increasing integration and miniaturization, the hardware became capable of performing increasingly complex functions while manufacturing costs simultaneously declined. Fewer and fewer employees were required in production to manufacture the ordered products.

In December 1997, at a trade fair in Paris, Sauter announced the fourth generation of the supervisory control system under the designation EY 3600, although the software for the new product had not yet been fully developed. Another three years would pass before market introduction.

In terms of functionality, EY 2400 and EY 3600 were essentially equivalent. However, data transmission in the new generation was many times faster. Intelligence was decentralized from the central computer to the substations. In the control center, only a screen with a keyboard remained, without its own intelligence. EY 3600 was to remain the foundation of Sauter's supervisory control technology for a long time.

From 2001 onward, EY 3600 was made BACnet-compatible. The abbreviation *BACnet* stands for "Building Automation and Control Network" and refers to an internationally recognized communication language for data exchange between building automation devices. In doing so, Sauter responded to increasing customer pressure, as clients were becoming less willing to purchase proprietary systems/systems that could communicate only with Sauter products - and instead demanded open systems capable of communicating with products from other manufacturers.

At the same time, Joseph Leimgruber merged the previously separate development groups for systems and components into a single department. Greater importance was now also at-

tached to the external appearance (design) and user-friendliness of systems and devices. The former olive green Sauter color scheme was abandoned in favor of black, yellow, blue, and white. Technical revision and improvement of most products continued in the following years under Rudolf Weber and Bertram Schmitz.

In 2008, the completely new EY-modulo 5 automation system was introduced. It is based on the open BACnet communication standard, controlled by a powerful computer with a Linux operating system, and capable of communicating via the Internet: the system features "Web on Board". In this way, modulo 5 ensured compatibility with the most advanced state of HVAC technology. In 2009, the EY-modulo-5 system received the Building Efficiency Award at the GebäudeEffizienz trade fair in Frankfurt as the best automation system.

In 2009, Sauter launched a software solution for energy management (EMS) for the first time. EMS opened new possibilities for customers to visualize energy consumption, analyze it in detail, and initiate energy-saving measures.

For the planning, implementation, and commissioning of EY-modulo systems, a new generation of the "Case Suite" was developed. With the aid of a standard library, preconfigured solutions can be individually assembled according to customer requirements. This saves Sauter costs and increases the quality of solutions.

Development of Sales

Fritz Sauter began in Grindelwald with a single product, the time switch for street lighting, and sold this product directly to electricity utilities. The nearest electricity utility was the one in Interlaken. However, the most important customer in the early years was the Basel electricity utility, which is why Fritz Sauter founded his company in Basel.

With the expansion of the business to include boilers from 1917 onward, a new form of sales became necessary: selling products through intermediaries. It soon became clear that it was insufficient merely to sell products to arbitrary intermediaries. Rather, it was necessary to commit selected trading companies to distributing Sauter products. On May 1, 1921, Fr. Sauter AG concluded its first agency agreement with the Swedish company *Zander & Ingeström*. Subsequently, additional agreements of this kind were concluded with trading partners in many other countries. The foreign agents received exclusive distribution rights for their territories. They purchased goods from Fr. Sauter AG and resold them on their own account. This territorial protection corresponded to the agents' obligation not to include competing products in their sales programs.

Experience showed that Sauter's products were not suited to distribution through non-exclusive wholesalers as mass-produced goods - comparable to today's sale of consumer goods in specialist shops and supermarkets, where identical articles from different manufacturers are displayed side by side.

With the expansion of the HVAC business into systems engineering from 1970 onward, sales through intermediaries became impractical. The systems business required technically demanding planning services already during the quotation phase and thus direct contact between manufacturer and customer. The same applied to installation, customer training, and after-sales service. Therefore, during the tenure of Ernst Fehr, Fr. Sauter AG began building its own sales organization. Apart from Germany, where Fr. Sauter AG had already possessed its own sales organization since 1925 through the subsidiary SCU, new subsidiaries now had to be established in many additional countries. Distribution was gradually withdrawn from foreign contractual partners and transferred to the company's own subsidiaries, the so-called National Sales Organizations (NSOs).

In 1955, Sauter transformed the company Claren & Co. in Duisburg, which had previously handled the distribution of Sauter products in North Rhine-Westphalia, into a subsidiary. Around 1970, Sauter withdrew representation rights for Alsace from the company Etablis-

ments Flury, and in 1973 withdrew representation for the remaining regions of France from the company Garnier. From then on, distribution in France was handled by Sauter's own subsidiary *Sauter Appareils Automatiques* in St. Louis, which had previously served merely as a production site. Thereafter, new subsidiaries were established in Spain, followed by Austria and England. In the 1980s, sales companies were founded in Belgium, Sweden, and Italy, followed in the 1990s by numerous Eastern European countries.

The Subsidiaries in France and Germany

a) France

Shortly after the end of the First World War in 1918, Fritz Sauter began exporting his products to the neighboring countries France and Germany. Because the business was initially oriented toward electricity utilities, he sold the products directly from headquarters without relying on foreign agencies.

In 1923, Fritz Sauter came into contact with *Godefroy Schlumberger* (1868-1943), who held the position of administrative delegate of the *Forces Motrices du Haut-Rhin*. Forces Motrices was an electricity company planning the construction of the Kembs power plant and additional power plants between Basel and Strasbourg, although in 1923 it still had no electricity production of its own. Godefroy Schlumberger was an initiator and inventor and in this respect intellectually akin to Fritz Sauter.

In September 1923, Fritz Sauter and Godefroy Schlumberger jointly founded the *Société pour l'exploitation des Procédés Sauter Sàrl*. Whether Schlumberger participated on his own account or on behalf of Forces Motrices cannot be clearly determined from the documents - probably the latter, because after Schlumberger resigned as founding president of Procédés Sauter, the influential president of Forces Motrices, René Koechlin, assumed the chairmanship of the board of Sauter's subsidiary in St. Louis. As vice president, Fritz Sauter thus maintained regular contact with a high-ranking representative of the Alsatian electricity industry.

The relative proportions of the shareholdings held by Sauter and Schlumberger (or Forces Motrices) are not documented. Sauter probably held the majority. His objective was to establish a factory on French soil for supplying the French market, yet still within organizational reach of the Basel headquarters. At the time, Fritz Sauter believed that he could gain a foothold in France only if he could demonstrate to customers that he possessed a French production site⁶⁹.

Fr. Sauter AG initially entrusted its French subsidiary only with the assembly of Cumulus boilers and Primulus storage heaters. The components were supplied from Basel. Later, a high-capacity factory was established in St. Louis that manufactured the products under license, with the exception of the electrically complex components, namely the thermostats. These continued to be sold from Basel to the foreign subsidiary. The product range was gradually expanded to include cookers and other household appliances.

Procédés Sauter served the French market in the French manner through independent representatives. Until 1948 there were five of them: the *Etablissement Flury* for Alsace and four further representatives for the remaining regions.

In the 1948 anniversary publication of Procédés Sauter, the company's development is portrayed as a straightforward, uninterrupted, and above all French success story. The documentation of the Helfenstein family and the recollections of Franz Nick-Bernet reveal several other elements. Around 1930, the company in St. Louis entered into a crisis that prompted Fritz Sauter to consider liquidation. He sent Adam Helfenstein, who knew France well, to St. Louis as liquidator. Helfenstein recognized development potential. He asked Fritz Sauter for one year to reorganize the company. Sauter granted him two years. Helfenstein led Procédés Sau-

⁶⁹ Cf. the corresponding reference in Fritz Sauter's speech before the Rotary Club Basel in 1937.

ter out of the crisis and remained production manager of the company until the outbreak of the Second World War⁷⁰.

In 1933, the expanded company moved into production facilities on Rue Haute de la Fontaine with a usable area of 10,000 m²⁷¹. A new enameling plant was installed. During this period, the company manufactured boilers, electric cookers, and tilting kettles for large kitchens in hotels and hospitals⁷².

With the outbreak of the Second World War in September 1939, the factory had to be relocated inland by order of the French military authorities because it was situated in a potential front-line area. The move took place to *Claye-Souilly* near Paris, where a new factory building was occupied. Production capacity was reduced.

Since Adam Helfenstein did not wish to accompany the company during its relocation and business relations with occupied France were scarcely possible during the war, Sauter lost control over the management of Procédés Sauter. After the war, part of the production was moved back to the old premises in St. Louis, while the Paris-area location was retained. At the two sites, Procédés Sauter employed around 800 people in total. Fr. Sauter AG was no longer able to regain control of the company.

Consequently, in 1948 Fr. Sauter AG sold Procédés Sauter to the French electrical company *Continental et Garnier*.

By giving up Procédés Sauter, Sauter merely relinquished that part of its product range in France which, in Fritz Sauter's view, was technically so simple that it no longer represented a long-term interest for Fr. Sauter AG: the kitchen and household appliance division.

In order to continue with the more sophisticated products, particularly control technology, Fr. Sauter AG founded a new subsidiary in St. Louis on 1 June 1948 under the name *Sauter Appareils Automatiques SA* (abbreviated "SAA"). The company name clearly expressed the technical ambition. SAA established its headquarters on Rue d'Allschwil. Adam Helfenstein became its director.

After Helfenstein left the Sauter Group in 1956, SAA lost its entrepreneurial autonomy and was subsequently managed as an outsourced production facility directed from the headquarters in Basel. The plant manager in St. Louis, Mr. Graff, reported to the production manager in Basel, Jakob zum Wald. Everything that happened in St. Louis was decided in Basel. Weekly visits by employees from Basel ensured that cooperation functioned properly.

Procédés Sauter, now a subsidiary of Garnier, remained a manufacturing operation for boilers and household appliances. In addition, the entire Sauter product range was distributed in France through Procédés Sauter and its regional representatives, with the exception of Alsace, where distribution remained in the hands of Etablissement Flury.

Around 1967, Etablissement Flury ceased business operations. Sauter was able to hire its best salesman, Mr. Klein, but had to write off receivables amounting to CHF 300,000. From that point onward, SAA became responsible for the sale of all Sauter products in Alsace.

Around 1970, SAA employed 60 people and produced thermostats and remote-control relays.

In 1972, Garnier was acquired by the French Schlumberger Group. As a result, the "Sauter" trademark (written in italics, without the S-lightning symbol) also passed to Schlumberger-

⁷⁰ An allusion to the survival assistance provided from Switzerland can be found diplomatically veiled in the 1948 anniversary publication, p. 3: "*Les ventes de "Cumulus" et "Primulus" s'amplifient et, rançon du succès [the price of success], des appareils similaires sont fabriqués par des concurrents. En 1930, la Société décide d'entreprendre la fabrication de cuisinières [electric cookers] électriques ... grâce à la coopération étroite de la Société avec Monsieur Sauter et ses Collaborateurs [Adam Helfenstein], ils allient heureusement les qualités suisses et françaises.*"

⁷¹ Cf. brochure of Sauter Appareils Automatiques SA, c. 1984, p. 3; anniversary publication Sauter France 1923-1948, p. 11.

⁷² Cf. KOCHER, p. 5.

er⁷³. Since Schlumberger was a direct competitor of Sauter with several of its products, the representation agreement between Sauter and Garnier could no longer be maintained.

Thus, in 1973 Sauter took over the representation of its products from Garnier/Schlumberger and integrated their employees into SAA. SAA also assumed the lease agreements for the branch offices. The sales teams joined Sauter enthusiastically. Overnight, Sauter possessed its own sales offices in Lille, Nancy, Lyon, Mulhouse, Marseille, Toulouse, Grenoble, Clermont-Ferrand, Bordeaux, and Nantes. The young Christian Millardet was appointed sales director of SAA and installed in rented offices in Paris. New premises in Village-Neuf housed logistics activities. SAA was upgraded into a subsidiary with production and an expanded sales organization, although at that time it still lacked a development department.

After Millardet's early death in 1977, he was succeeded by P. Tissier. Subsequently, a development unit was also established at SAA. By 1980, SAA employed 165 staff members.

From the late 1980s onward, SAA's performance deteriorated amid increasing capital outflow. The attempt to reposition SAA on the market as a manufacturer of mass-produced products without services, and to restore profitability through high production volumes, ended in failure with the fully electronic meter. Under the leadership of Hanspeter Wagner, Sauter split the activities in 1991. Sales operations were outsourced to the newly founded *Sauter Régulations SAS* based in Mulhouse. SAA remained the unit for the ET division (Energy Technology). This division was sold in 1992 to *Zellweger Luwa AG*. After the sale of its operational business, SAA continued to exist for several years solely as a real-estate company. It rented its buildings and machinery to Zellweger beyond the year 2000 and was more profitable in this final phase than ever before. After the lease agreements expired, SAA sold its real-estate holdings and went into liquidation.

To this day, Sauter Régulations SAS has remained the national sales organization for France. It has developed successfully and profitably. This is highlight after the many difficulties in France.

b) Germany

The history of the German subsidiary is inseparably linked with the personality of Willi Becker (born 1882⁷⁴), who shaped the company from 1925 to 1955 as founder and managing director. Willi Becker maintained a lifelong friendship with Fritz Sauter and cultivated the relationship also on a family level. In their correspondence, the two addressed each other as "My dear Mr. Sauter!" and "My dear Mr. Becker!" Such warmth was otherwise foreign to Fritz Sauter.



Willi Becker, Head of Cumulus-Werke 1925-1955

⁷³ Written communication from Ernst Fehr dated May 13, 2010.

⁷⁴ Becker's year of birth was calculated retrospectively here based on the SCU's promise of a retirement benefit of DM 5,000 to Becker on December 11, 1952, "on the occasion of his forthcoming 70th birthday".

The first commercial register entry of Cumulus-Werke GmbH in Freiburg im Breisgau dates from 6 April 1925. From 1930 to 1954, the company was a joint-stock corporation, after which it again became a limited liability company. Since 1981, the company name has been *Sauter-Cumulus GmbH (SCU)*.

SCU was founded as a sales company for the entire Sauter product range and at the same time as a production facility for Cumulus boilers and other selected products. In its early years, SCU suffered from the unfavorable economic conditions in Germany. Because of the reparations payments required under the Treaty of Versailles, money was scarce throughout Germany. From 1931 onward, the global economic crisis spread. Therefore, even after Hitler's rise to power in Germany and the suspension of German reparations payments, SCU did not experience any notable upswing. The National Socialist dictatorship complicated trade relations with Switzerland. After the outbreak of war in September 1939, relations between the headquarters and SCU came almost completely to a standstill.

In 1936, SCU ceased boiler production because the necessary production volumes could not be achieved in order to keep pace with competitors in Germany who produced more cheaply.

At the beginning of the Second World War, SCU employed just under 40 people and was therefore considerably smaller than Procédés Sauter in St. Louis, France. Due to its small size, no forced laborers were assigned to SCU during the war.

On 27 November 1944, the (rented) factory premises on Wenzingerstrasse in Freiburg were destroyed by Allied bombs. Together with several loyal employees, Willi Becker dug partially undamaged machinery and tools out of the rubble and established a modest repair workshop for Sauter products on Basler Landstrasse. From then on, he carried out office work from his private apartment.

After the war, Becker's private apartment was confiscated by the French occupation troops, forcing Becker, his wife, and the SCU administration to stay temporarily at various addresses with acquaintances.

Without financial support or deliveries of goods from the headquarters in Basel, Becker continued working selflessly and tirelessly for Sauter's interests. When his life insurance policy paid out 30,000 marks, he used the money to pay the wages of his few employees.

Sales of Sauter products stagnated during the first decade after the war because Germany was then a low-wage country and products from Switzerland had little chance against domestic German competitors.

In 1950, Fr. Sauter AG offered Becker a house as a gift in gratitude for his selfless dedication. Out of modesty, Becker declined the gift⁷⁵.

Thus, during the first three decades of its existence, SCU remained a small enterprise. Sales of Sauter products in Germany were low - significantly lower than sales in France. When the seventy-three-year-old Willi Becker handed over management at the end of 1955, he left his successors a still-small company that, with 31 employees, generated sales of 1.1 million DM.

Becker's resignation occurred at a time when Elektrowatt AG asserted its claims within the Board of Directors in Basel and the new director Gottlieb Steiner assumed leadership of the headquarters. Like Christian Bernet and Paul Riesen, Willi Becker belonged to that old guard of loyal managing directors who were systematically pushed out of the company by the new

⁷⁵ Becker's sacrifice of his private life insurance policy for the benefit of the company, as well as his rejection of the company's gift offer in 1950, are documented in an undated and unsigned sheet from the SCU archives summarizing Becker's career at the SCU from 1925-1955 in bullet-point form. The text reads like the manuscript of a farewell speech on the occasion of Becker's retirement. This lends the information a certain degree of credibility, although the mentioned gift offer by Fr. Sauter AG would have been difficult to justify from a business perspective and lay outside normal business practice. Regarding the sacrificed life insurance policy, it should be noted that Becker did not mention it in his final settlement with the company upon retirement, while he listed his outstanding salary and vacation claims precisely.

rulers. The unpleasantness began in August 1955, when Becker received a letter signed by Kurt Strässler and Dr. Nicolas Hodel informing him that the Board of Directors in Basel had decided *to commission the Swiss Trust Company in Basel to audit the books of his company for the financial years 1952-1954*. A few days later, a second letter followed, this time signed only by Dr. Nicolas Hodel, with the astonishing notification that the audit should extend not only to the years 1952/53 and 1954, but to the entire period since the end of the war in 1945. Becker replied that he had no objections, but that no costs should arise from it. He added that the audit reports existed not only back to 1945 but all the way to the founding year 1925, that the company had been audited annually by sworn auditors, and that all records were available in the files of the head office.

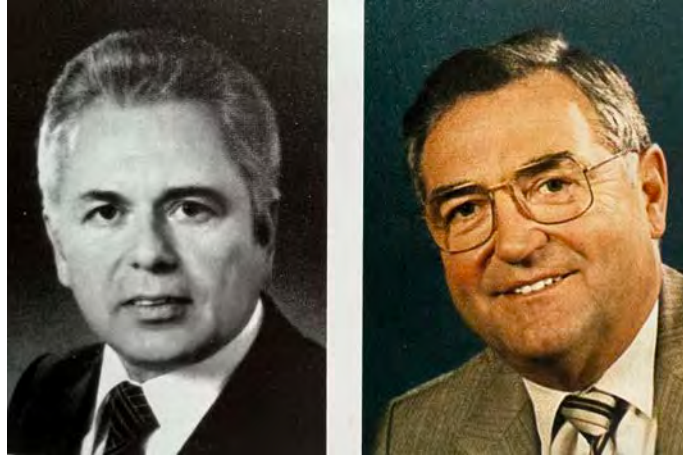
The matter escalated rapidly. The point of dispute was the handling of the company *Claren & Co. Industrievertretungen* (owner: Wolf Dieter Claren) in Duisburg. This company had previously handled the distribution of Sauter products in North Rhine-Westphalia on the basis of a direct contractual relationship with Fr. Sauter AG Basel. SCU was responsible for distribution in the remaining regions of the Federal Republic of Germany. Wolf Dieter Claren managed his business poorly (in contrast to Willi Becker) and at that time owed Fr. Sauter AG more than DM 190,000. In September 1955, directors Steiner and Strässler agreed behind Becker's back that SCU should give the incompetent Claren a golden handshake by having SCU acquire the assets of Claren & Co., including its inventory, transfer them to a newly founded SCU subsidiary, *Sauter-Regeltechnik GmbH*, and employ Wolf Dieter Claren with a monthly salary of DM 1,500 (Becker's own salary at the time was DM 1,470 plus a bonus of 1 percent of sales). Becker did not accept this, whereupon the management in Basel implemented the agreements made with Claren without involving SCU. On 11 October 1955, Fr. Sauter AG Basel founded Sauter-Regeltechnik GmbH with headquarters in Duisburg, had this company take over the inventory of Claren & Co., and gave Wolf Dieter Claren a position there. Acting on behalf and for the account of Sauter-Regeltechnik GmbH, Claren sold Sauter products in the same territory he had previously managed in the name of his own company.

As a result, Becker announced his resignation from SCU effective at the end of 1955 and remarked that he wished to remain with SCU until April 1956 in order to complete the annual financial statements for 1955, for which he remained responsible as managing director. From Basel he received the message that his rapid departure at the end of the year was desired.

Becker's trained successor (Leisinger) was likewise pressured into resigning. Instead, the Basel directors Steiner and Strässler had themselves registered as new managing directors of SCU, with managing salaries at SCU (in addition to their directors' compensation in Basel) of DM 600 per month each plus a bonus of 10 percent each of the company's profit - a remuneration concealed from the Board of Directors in Basel. However, the Basel directors neither intended nor were capable of becoming actively involved with SCU. The work on site was delegated to an authorized officer.

After the change of power in Basel at the turn of 1956/1957, the new General Director of Fr. Sauter AG, Jean C. Bruggmann, became sole managing director of SCU. From 1963 to 1965, Bruno Junker served as sole managing director.

In 1966, SCU management was strengthened through the appointment of two full-time managing directors working in Freiburg: Helmut Gilch (Technology and Sales) and Markus Frank (Commercial Management). From then on, they conducted the operational business of SCU. Thus ended ten years of outside rule at SCU: from 1966 onward, SCU once again possessed its own independent local management. When Helmut Gilch and Markus Frank retired, Werner Ueberrhein and Günter Möbius took over management. They were succeeded in 2009 by Werner Ottilinger and Bernd Deutschkämmer. The respective CEO of Fr. Sauter AG usually served as an additional managing director.



Left: Helmut Gilch, Managing Director of SCU 1966-1992
right: Markus Frank, Managing Director of SCU 1966-1992

In 1957, SCU acquired the company *Funktechnik* in Munich in order to gain additional expertise in electronics. From that point onward, SCU produced electronic controllers, especially the Flexotron and the electronic version of the Equitherm.

Around 1959, Fr. Sauter AG transferred *Sauter-Regeltechnik GmbH* to SCU. Sauter-Regeltechnik GmbH had already moved its offices to Düsseldorf in 1956. In 1974, it relocated to Freiburg together with SCU. The managing directors of Sauter-Regeltechnik GmbH were generally the same as those of SCU.

In 1958, SCU occupied its first own newly constructed factory building at today's location, Hans-Bunte-Strasse 15 in Freiburg. The building was expanded in 1961, 1965, 1972, and 1992 in accordance with the strong growth in sales and employee numbers, reaching its present size. SCU experienced major growth and, since the fall of the Iron Curtain, generated around 40 percent of the total sales and profits of the Sauter Group. This growth was achieved through the expansion of the sales organization with 15 branch offices throughout Germany.

Helmut Gilch and Markus Frank, the managing directors from 1966 onward, were approximately the same age as Ernst Fehr, the then-new director in Basel. An excellent working relationship developed with the management in Basel, which also continued when Gilch and Frank were replaced in 1992 by the successor team of Werner Ueberrhein (Technology and General Management) and Günter Möbius (Sales).

In 1986, Gilch initiated the establishment of a subgroup within the VDMA (Verband deutscher Maschinen- und Anlagenbau eV - German Engineering Federation), namely the specialist association for Heating, Air Conditioning, and Building Automation. The group initially comprised 25 companies, including AEG, Siemens, Landis & Gyr, Stäfa Control, Viessmann, Johnson Control, SCU, Honeywell Building, and others. Since then, the number of members has more than doubled. Gilch became the first chairman and held this office until his retirement in 1992. From 2007 to 2009, the chairmanship once again lay with SCU, namely with Werner Ueberrhein.

As part of the realignment of the Sauter Group, SCU's production was relocated in 1996 to the headquarters in Basel. SCU's research and development department was closed. 150 employees were dismissed at SCU. Only a few of them found new positions at headquarters. SCU became a sales and service company. From then on, all production of the Sauter Group was concentrated at the Surinam site in Basel.

In order to stabilize business and become independent of the changing cycles of the construction industry, SCU expanded its service sector. The so-called facility management business - that is, the technical and administrative management of large buildings - became a new field of activity for Sauter. SCU was very successful in this business. In 2004, under the lead-

ership of Werner Ottilinger, facility management was spun off into the newly founded SCU subsidiary *Sauter FM GmbH*.

As part of the restructuring of the Sauter Group in 1998, Günter Möbius was called to the headquarters in Basel. Succeeding Markus Brückner, he assumed leadership of the Business Unit Components and from 1999 onward the areas of Marketing and Sales (until 2004). Werner Ueberrhein left SCU at the end of 2009. Since then, SCU has been managed by Werner Ottilinger and Bernd Deutschkämmer.



Sauter-Cumulus GmbH, Freiburg i.Br., 1972

Dark Days

The Sauter Group has not been spared from mishaps. In retrospect, these were manageable events, but at the time they were painful.

The oldest event mentioned here was the loss of one month's payroll at VAR SA, where wages were still paid out in cash at that time. The money was delivered late in the evening on a date that is no longer known today and stored overnight in the company safe. The next morning, the safe had been welded open and the money was gone⁷⁶.

On Saturday, March 24, 1962, the top floor of Building 2 at the headquarters burned down completely. The development laboratories and design offices of the technical departments were located there. The damage amounted to more than two million Swiss francs. Although the technical documents archived in the basement were preserved, numerous delivery delays to customers occurred afterward⁷⁷. In the days following the fire, offers of assistance arrived from all over Switzerland - even from competing companies. For one year, Sauter relocated its offices and laboratories to the grounds of the Swiss Trade Fair. It seemed a strange coincidence that the building permit for the new construction arrived on the Monday after the fire.

⁷⁶ Recollection of Ernst Fehr, orally communicated to Christian Brückner on April 21, 2010.

⁷⁷ Cf. Sauter House Journal No. 93 of July 1985, p. 11.

At the beginning of April 1987, it was discovered that the head of accounting at SCU had embezzled funds. On June 16, 1987, the German newspaper Bild reported on the case and described how the authorized officer and head of accounting had allegedly embezzled nearly six million Deutsche Marks over a period of years and spent the money on a luxurious lifestyle.

During pretrial detention, the accused himself documented in detail the tax irregularities he had committed and provided investigators with precise information regarding the relevant files and evidence. This led shortly after his arrest to a large-scale search of SCU's premises. For the author, then chairman of the board of Fr. Sauter AG, this meant considerable worries and extraordinary strain. The perpetrator, who was professionally highly qualified and appeared trustworthy, later even assisted the prison administration with administrative tasks during his imprisonment and gave highly regarded accounting courses. At Sauter, the consequence drawn from this incident was that strict and comprehensive compliance must in future become an unshakable rule.

The tax irregularities uncovered at the time within the Sauter Group were inexcusable, yet were partly explained by the tax differences between Germany and Switzerland. With corporate tax rates of around fifty percent, the German authorities made corporate self-financing considerably more difficult than the Swiss authorities, whose rates were around thirty percent. Moreover, Switzerland offered numerous possibilities for the legal creation of hidden reserves - opportunities that are lacking abroad. Therefore, for internationally active companies, it was natural to allow profits to accrue in Switzerland whenever possible. These considerations also played an important role when the production site in Freiburg was closed in 1996 and the relevant activities were relocated to Basel.

Chapter Seven: 1999-2010

The Merker/Graf Era (1999-2009)

Since June 1999, Rudolf Merker and Ulrich Graf jointly led the company successfully through a phase of growth. Graf concentrated on operational business, while Merker carefully safeguarded the interests of the shareholders.

A decisive step was the strategic realignment of the company during a management seminar in Berlingen in 2001. A core element of this strategy was the expansion of the service business in the two areas of customer service and maintenance, and facility management.

In after-sales customer service, the aim was to ensure that buyers of Sauter systems systematically concluded service contracts. Customers with contracts received preferential service in the event of malfunctions. This strategy proved successful. In doing so, Sauter followed proven models. It was known, for example, that Honeywell sometimes sold its systems below manufacturing cost in order to generate profits later through service business.



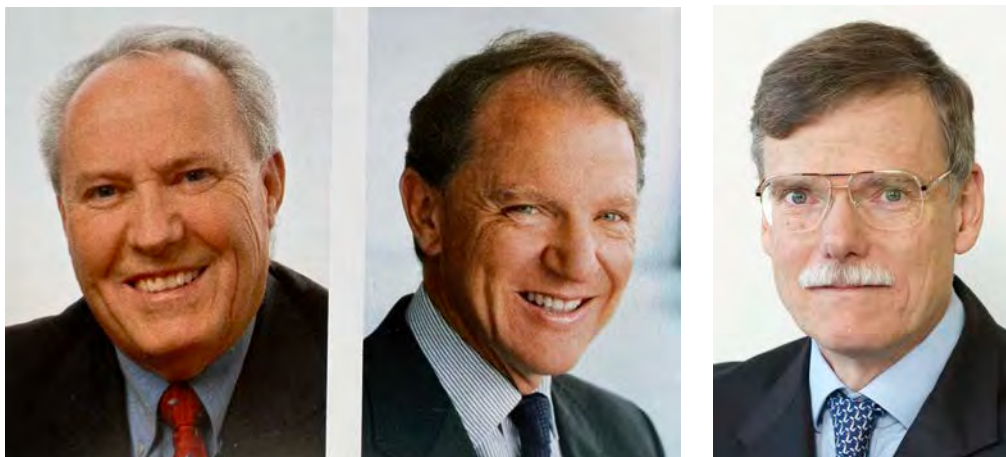
Left: Rudolf Merker (1947-2009), Member of the Board of Directors since 1987, Chairman of the Board of Directors of Fr. Sauter Holding AG and Pool President 2000-2009
right: Ulrich Graf (born 1945), Chairman of the Board of Directors of Fr. Sauter AG 2000-2013

Facility management involves the technical administration and maintenance of large buildings. This includes the operation and maintenance of all technical equipment, not just the HVAC systems, as well as building maintenance. It even includes rentals, contact with tenants, accounting, and other services up to and including the organization of concierge services.

This business field developed very successfully, particularly in Germany, and contributed significantly to the growth and improved profitability of the Sauter Group.

At the end of 2001, Joseph Leimgruber moved from Sauter to Rittmeyer AG of the Brugg Group. Ulrich Graf then brought Rudolf Weber, the former CEO of the Liechtenstein boiler company HOVAL, to Sauter. Under Rudolf Weber's operational leadership, the company began a continuous upward development.

Rudolf Weber structured the company into the Systems, Components, and Services divisions.



From left to right: Joseph Leimgruber, CEO 1999-2001, Rudolf Weber, CEO 2001-2006, Bertram Schmitz, CEO 2006-2014

In the summer of 2002, Rudolf Merker succeeded, on behalf of Pool 2000, in acquiring a significant share package from minority shareholders. As a result, the minority lost the blocking minority it had possessed since May 2000.

In 2004, Ulrich Graf achieved an extraordinary negotiating success: He repurchased the 36-percent stake that had existed since 1957, originally belonging to Landis & Gyr and held by Siemens since 1998. After 47 years, this block of shares returned to the control of the majority shareholders. Fr. Sauter Holding AG thereby became the sole owner of Fr. Sauter AG. A capital increase amounting to one quarter of the existing capital in 2005 served partly to finance this repurchase.

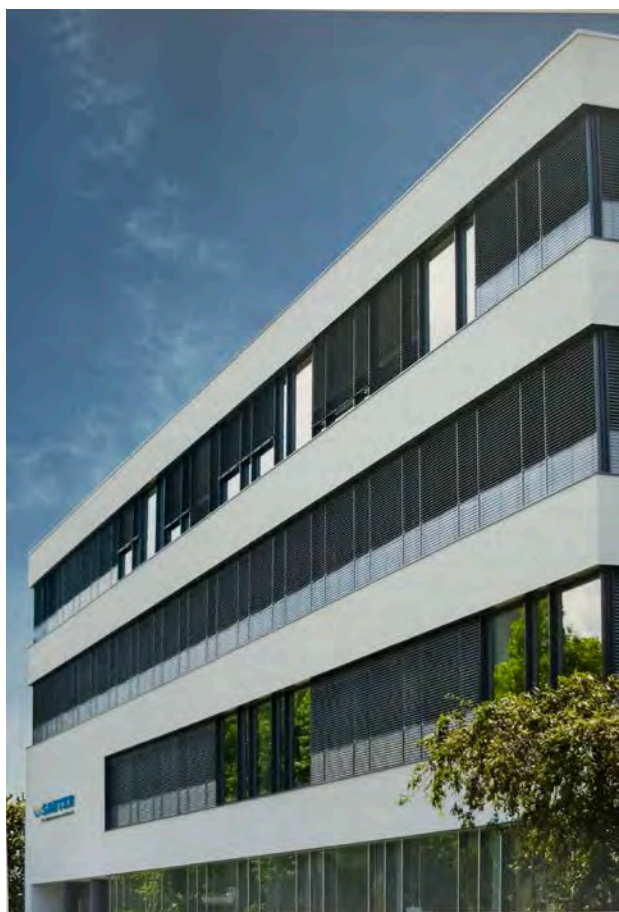


Family representatives on the Board of Directors of Fr. Sauter Holding AG (from left to right, above): Franz Martin Nick-Imboden (since 1995-2014), Sibylle Hausammann-Merker (2000-2008, 2013-2014, 2017-2023) (below): Fritz Merker-Kramer (2008-2014), Katharina Merker-Voser (2010-2014, 2018-2020)

In 2006, at Ulrich Graf's request, Rudolf Weber moved to the KABA Group and became Graf's successor there as CEO. At the same time, Graf brought KABA employee Bertram Schmitz to Sauter as the new CEO.

Schmitz modernized the company's mission statement. The slogan used for decades, "*Sauter between energy and consumer*" - later temporarily "*Energy under control*" - was replaced by the mission "*Energy efficiency*" and "*Sauter increases energy efficiency with customized solutions and sustainably secures the living spaces of the future*". This is underscored in a modern manner by a "claim": "*Sauter for living spaces with a future*". The logo with the S-shaped thunderbolt, used since 1910, was replaced by three wavy lines in dark blue, light blue, and yellow, symbolizing water, air, and heat.

During the terms of Rudolf Weber and Bertram Schmitz, the company's profitability improved continuously. Sauter gained market share. The business years 2007 and 2008 produced the best annual results in the company's history. In 2009, Sauter was able to finance an impressive new building on its existing site in Basel entirely from free cash flow. Older buildings were demolished and an automated high-bay warehouse was constructed. The new building was regarded as a model for energy-efficient construction and, at its ceremonial inauguration on March 25, 2010, received the Minergie certificate.



Minergie new building from 2009/2010

In order to maintain production in the high-wage country of Switzerland, a high degree of automation became necessary. The product range was therefore streamlined and concentrated on product lines that are attractive in terms of volume and justify a high level of automation in the production processes.

In the manufacturing sector, the number of employees grew steadily in the first five decades after the company was founded, reaching its peak in 1955 with more than 1,000 employees. In the course of automation, the number of jobs in manufacturing has steadily declined

and eventually amounted to only around 350 people. In contrast, the number of employees in sales, engineering, service, and facility management throughout the group rose to approximately 1,650. Sauter thus transformed itself from a production-oriented equipment manufacturer into a predominantly service-oriented company. This transformation was already reflected in the shortening of the company name in 1990 when "*Fr. Sauter AG Fabrik elektrischer Apparate*" became simply "*Fr. Sauter AG*". In the anniversary year 2010, the group employed around 2,000 people.

New lineup (August 2009)

On August 12, 2009, Rudolf Merker lost his life in a fatal accident. The Pool reacted quickly and transferred the chairmanship of the holding company to Max-Ueli Zellweger, while the chairmanship of the Pool itself was transferred to Christian Brückner. At the extraordinary Pool meeting of August 29, 2009, there was unanimous agreement that the policy pursued up to that point - *prosperity through independence* - should continue unchanged.



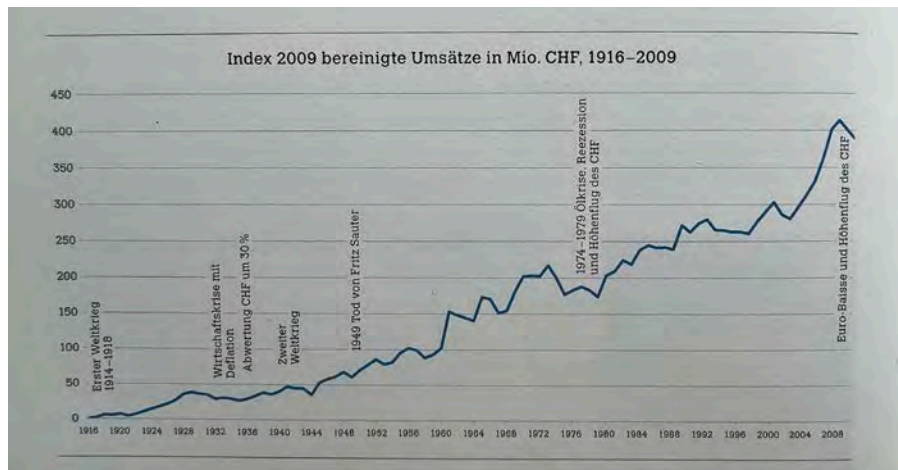
Max-Ueli Zellweger, member of the Board of Directors since 1995,
Chairman of Fr. Sauter Holding AG 2009-2014

Chapter Eight: Retrospectives, Outlooks (2010)

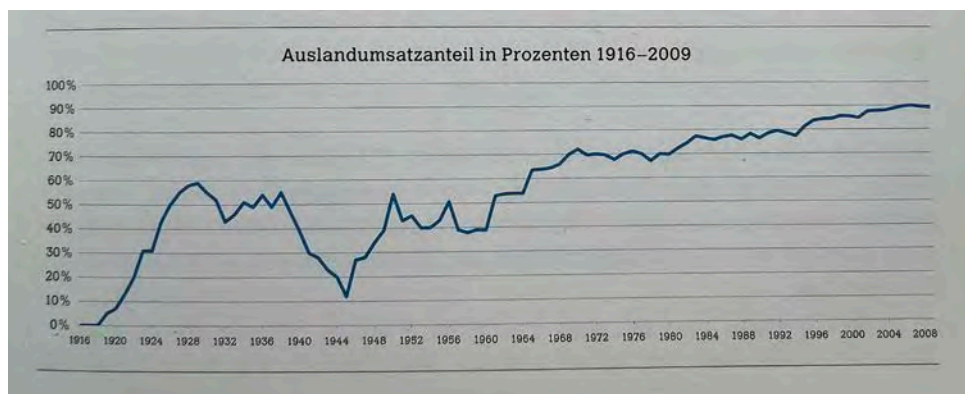
Sales development 1916-2009

Annual sales 1916-2009

The following revenue curve for the limited partnership Sauter-Schetty from 1916-1920 and for Fr. Sauter AG from 1920-2009 was calculated on the basis of an overview of consolidated revenues from 1916-1954 found in an undated document from the SCU archive. The revenues from 1955-2010 were calculated using information provided by Harald Ziegler, CFO of Fr. Sauter AG. The years prior to 2009 were converted into the value of the Swiss franc in 2009 according to the index figures of annual averages published by the Swiss Federal Statistical Office (1914 = 100, 2009 = 1039).



Annual sales, index adjusted 1916-2009



Foreign share of total annual sales 1916-2009

A rapid upswing can be seen from 1916-1918, from 0.3 million to 5.8 million, followed by a flatter increase up to 1929 = 38.4 million (the beginning of the global economic crisis), followed by seven crisis years from 1929-1936 with annual decline down to 1935 = 27.1 and a renewed increase after the devaluation of the Swiss franc in 1936 up to the peak year of 1941 = 47.4. While revenue still grew strongly at the beginning of the Second World War, a decline began from the third year of the war onward, reaching its low point in 1944 = 38.2. From the end of the war onward, there was an upswing up to 1948 = 68.4. After a setback in the year of

Fritz Sauter's death, 1949 = 61.0, revenue rose again to a peak of 1952 = 86.2, after which another contraction followed. - After several very difficult years between 1956 and 1959, the 1960s and 1980s were predominantly good times, whereas the 1970s and 1990s were difficult.

The sales figures say nothing about profitability. Until the year 2000, Fr. Sauter AG hid the greater part of its profits by building hidden reserves in profitable business years and distributed dividends in the single-digit percentage range on nominal share capital. Until then, there was insufficient transparency regarding the profitability of individual business areas, products, and countries, and overall the orientation of employees at all levels was too strongly focused on revenue and too little on profit. Even small declines in revenue sometimes led to losses and liquidity problems due to weak profitability and inflexible cost structures.

Share of Foreign Business 1916-2009

According to the sources mentioned above, the share of foreign business in the total revenues of the Sauter Group amounted to the following percentages:

Table: Share of Foreign Business in Sales

The graph clearly shows that Fritz Sauter, in the first year of his independent activity, was still entirely focused on the Swiss market. Thereafter, exports grew strongly. During the first years of the Second World War, increasing domestic demand compensated for the collapse of exports. Today, only 10% of the company's output is sold on the Swiss domestic market.

Lessons from History

a) Age Structures

A retrospective look at the company's history shows that the key persons often provided positive impulses during the first years of their activity, but later merely administered their success and caused stagnation. This applies primarily to Fritz Sauter, who by 1939 at the latest should have entrusted product innovation and strategic planning to younger people and withdrawn into the role of a stabilizing force.

This also applies to Paul Riesen and Christian Bernet, who after 1949 had to assume operational management even though both were already actually too old for the role.

The rejuvenation forced by Elektrowatt AG was burdened by conflicts of interest among shareholders as well as by the lack of loyalty and suitability of the new directors Steiner and Strässler. Consequently, the resolution of these conflicts and the transfer of operational management to the loyal Jean C. Bruggmann in 1957 brought improvement. However, Bruggmann was from the outset actually too old and, due to his lack of technical training, was unable to positively influence product and market decisions.

In the first decade of his tenure, from 1970-1980, Ernst Fehr brought fresh momentum to the company, but precisely during this period he was confronted with particularly unfavorable external circumstances. His greatest achievement at that time was to save the company from ruin.

From 1975-1990, the impulses came from the Brückner brothers. This is reflected in the upward trend of the revenue curve beginning in 1980. During this decade, Ernst Fehr remained important as a stabilizing force. With his seniority, he prevented family rivalries among the brothers from erupting.

From 1990 onward, Fehr's authority was lacking. The Brückner brothers successively entered their fifties. Family rivalries developed that could not be resolved either by CEO Hanspeter Wagner, who was the same age as Andreas Brückner, or by the Chairman of the Board, since the latter, as the second-oldest of the Brückner brothers, was himself part of the

problem. This unfortunate situation was reflected in the stagnating sales trend from 1990 onward.

The restructuring of 1999 overcame the family rivalries and rejuvenated the management team, albeit at the price of a renewed split among shareholders. The conflict was skillfully managed by Rudolf Merker and gradually brought toward a solution. After two years of searching and experimentation, the company experienced a phase of rapid growth under the leadership of Ulrich Graf, which was further boosted by favorable economic conditions. Largely through its own efforts, the company was now able to buy back the minority stake that had been held since 1957 first by Landis & Gyr, then by Elektrowatt, and finally by Siemens.

The company's history suggests that internal age limits for certain operational functions could be advantageous. Research, development, product planning, and product innovation belong in the hands of younger engineers. The same applies to marketing and sales. Even for the position of CEO in a technology company, the optimal time for a handover may come before the statutory retirement age.

Certainly, age-related decline in performance progresses differently from person to person, so no general rule can do justice to every individual case. Yet in the absence of established rules, it is precisely the most powerful employees who cling to their positions until the age of 65 - even when this is to the detriment of the company.

In the future, it would also be advantageous for the Sauter company to reflect on optimal age structures and to develop models for the continued employment and compensation of those employees who have exceeded an internal age limit for certain positions.

b) Nepotism

For Fritz Sauter, it was self-evident that close and distant relatives would find work in his company if they so wished. He could only imagine a family member as his successor at the head of the company. In doing so, he had his son-in-law Walter Merker in mind.

What works well under the leadership of a strong company founder can turn into a disadvantage in the second generation. Family businesses are at risk when hiring and promotion decisions are based on family relationships rather than professional competence. As a rule, family members should only be considered for leadership positions if they have previously demonstrated their capabilities in at least one other function without family support. From the second generation onward, a family business can no longer afford to impair the career opportunities of externally recruited specialists through privileges granted to less capable family members.

c) Rivalries Within the Family

Family businesses are exposed to particular risks when siblings hold leadership positions. Since childhood, siblings carry within them the expectation of mutual equality. This makes it difficult for one to subordinate himself or herself to the other in professional life. The subordination of an older sibling to a younger one is practically impossible. Rivalries between siblings and stagnation within the company can be the result.

d) The Fates of Others (Landis & Gyr, Elektrowatt AG)

Finally, it should be noted that Andreas C. Brunner, son-in-law of Heinrich Gyr and the strong man of the Zug-based company from 1956 to 1984, found no interest among his family's descendants in continuing the company in accordance with his ideas. As a result, shortly before his death in 1987, he sold Landis & Gyr at a low price to Stephan Schmidheiny, whom he called his "son", because he believed that Schmidheiny would continue Landis & Gyr as an

independent company. However, Schmidheiny did not fulfill Brunner's expectations, but instead sold Landis & Gyr in 1995 to Elektrowatt for approximately twice the price he had paid.

This triggered fears at Sauter that Elektrowatt might attempt to exercise the corporate rights associated with its entire 36% shareholding in Sauter, based on the history of 1953-1956 as well as statements in the arbitration rulings of July 16, 1979, and October 19, 1993, according to which Elektrowatt was entitled to exercise the full rights as a shareholder of Sauter.

In 1995, however, Elektrowatt had other priorities. Its primary objective was the merger of Landis & Gyr with Staefa Control, which already belonged to the Elektrowatt Group, into *Landis & Staefa*. At Sauter, consideration was given to initiating a disruptive action during the merger approval process before the antitrust authorities in Brussels in order to pressure Elektrowatt into reselling the 36% stake in Sauter. However, an examination of the approval files in Brussels showed that Elektrowatt had presented Sauter there as a completely independent company. Moreover, it became clear that such a disruptive action would have been counterproductive for Sauter. Therefore, the idea was abandoned.

After the takeover by Elektrowatt, Landis & Gyr was effectively broken up. Shortly thereafter, Elektrowatt itself suffered the same fate. The industrial division, which also included the holding company Landis & Staefa, was transferred to Siemens in 1998. At the general meeting of Fr. Sauter AG on May 29, 1998, Thomas Emch, head of Elektrowatt's legal department, appeared as a representative of Siemens Building Technologies and declared that Siemens had no interest in the Sauter stake and wished to sell it back. As a starting point for negotiations, he mentioned the amount of CHF 50 million. Siemens showed absolutely no interest in exercising shareholder rights at Sauter.

The dismantling of Landis & Gyr occurred in part through Siemens merging the building automation division with its own units and selling the remainder of the Zug-based company - namely the metering business - in 2002 under the rehabilitated old name "Landis+Gyr" (now with a plus sign). Many employees of the old Landis & Gyr Group, particularly in the building automation division, lost their jobs during these transactions.

The package of 1,800 registered shares of Fr. Sauter AG that had formerly belonged to Landis & Gyr had therefore been in Siemens' possession since 1998. Brunner's grand words, that it had been important to him that the Sauter company should never fall into foreign hands, became an unintended irony, since the remnants of the former Landis & Gyr Group are today in foreign ownership (since 2004 owned by the Australian investment company Bayard Capital), whereas the Sauter company has preserved its Swiss character to this day.

After Landis & Gyr was broken up one year after its 100th anniversary and Elektrowatt three years after its own anniversary, the question arises on the occasion of Sauter's 100th anniversary whether the Basel-based company might face a similar fate. From today's perspective, this question can be answered with a confident "No", because over the past ten years the Sauter Group has continuously taken market share away from major global competitors and expanded its own market share, while simultaneously improving its earnings position and reducing its bank debt to zero. The entrepreneurial strength of the Sauter Group for independent growth remains unbroken.

Outlook

The Sauter Group has preserved its independence for 100 years. The principal shareholders were predominantly private individuals who were interested in the company and willing to make financial sacrifices in critical situations.

One of the company's special characteristics is the tradition of an almost uniquely high degree of self-financing. This tradition is rooted in the philosophies of life of the company founder and his family, in which taking on debt was regarded as fundamentally regrettable

and morally questionable - something that should only be resorted to in emergencies. Over the past 100 years, this high level of self-financing has admittedly brought shareholders a lower return on capital than they might have achieved through investments in other companies. On the other hand, strong self-financing repeatedly enabled the company to survive difficult times and preserved its independence where companies with greater reliance on external financing would have had to give up.

Today, the company is better positioned in its markets than it has been for a long time. Financially, it stands on a solid foundation. The energetic management and shareholders committed to the well-being of the company are guarantees of future prosperity and continued independent growth.

The history of the company confirms that in a market economy there are no permanent entitlements - neither in markets nor in technologies or products. What yields profits at one time may produce losses at another. This also applies to so-called core competencies and core businesses. Over the course of 100 years, the Sauter company has repeatedly shown itself willing to embrace new beginnings and abandon old paths. Many initiatives never advanced beyond the experimental stage or ended in failure. The innovation so highly praised today is important, but it is not sufficient to secure the company's long-term success. Sound judgment, closeness to customers, foresight in assessing technologies, markets, locations, and currencies, modesty in evaluating one's own strengths and in assuming risks, and finally a corporate culture in which performance, creativity, and discipline are rewarded just as much as honesty, solidarity, and helpfulness in mutual dealings - and in which the company's care for its employees creates a spirit that naturally fosters employees' identification with the company and motivates them to make a high level of personal commitment - these are the pillars of the company's success today and in the future.

Geneological Appendix: Sauter Family History

written by Margaretha Brückner-Sauter, daughter of Fritz Sauter, for the family day of Fritz Sauter's descendants in Herrenberg on March 31, 1990

In the 1930s, Fritz Sauter commissioned the German genealogist Kurt Erhard von Marchtaler to research the ancestors of the Sauter family. The only clues Fritz Sauter could provide were the names of his grandparents, Jakob Friedrich and Barbara Sauter-Grossmann from Grindelwald, as well as his great-grandparents Johann Daniel and Katharina Dorothea Sauter-von Au from Herrenberg. Katharina Dorothea von Au was the only noblewoman in our family line. She came from a baronial family.

Reusten on the Ammer, located southeast of Herrenberg, is the Swabian ancestral homeland of the Sauter family. From there, they repeatedly migrated over a period of 400 years or longer into the surrounding region, both near and far. Migration back to Reusten practically never occurred. Around the year 1650, there were no fewer than 11 Sauter family branches in Reusten, whose founding ancestors had been born around the year 1600 - all this in a small village with only a few hundred inhabitants. The genealogist's records document several marriages between members of the Sauter family.

Among the Saut(t)ers in Reusten there was a Knappen (Squire) branch, a Jacob branch, a Poltringer branch, a Stefan branch, a Stefan branch bearing the nickname "Schoolmaster", a Conrad branch, a Baker branch, and a Hans branch, as well as somewhat later the Johann-Martin branch, the Weaver branch, and the Fahnenschmied (Banner-Smith) branch. Our genealogist did not determine how these branches were related to one another. What is certain, however, is that they were all related. In all probability, we belong to the Stefan-Schoolmaster branch.

The name Sauter derives from the Latin word "sutor", meaning shoemaker. From this developed the names Suter, Sauter, and Seiter, written with either one or two Ts. This should not confuse us; despite differing spellings, the families could be closely related. People and authorities spelled names according to their own discretion. A fixed orthography was only established with the introduction of the civil registry in 1876. Our oldest known ancestor, Stefan Sautter - called "Schoolmaster" - wrote his name with two Ts. It was only our ancestor Johann Daniel, a butcher by trade who moved to Herrenberg in the middle of the 18th century, who began writing the name with only one T; his descendants continued this practice.

The Reusten Sauters were primarily small farmers. Many of them also practiced a trade in order to improve their economic circumstances. Again and again, a Sauter served on the municipal council or court, an office that at that time was called "Gerichtsverwandter" (court official). The Reusten Sauters were predominantly Protestant Lutherans. A minority belonged to the New Apostolic congregation or had joined the Sabbatarians. There were no Catholics among them.

At the head of the family tree stands Stefan Sautter, born in 1616. He was first described as a schoolmaster in the baptismal entry of his third child Michael, and later he was referred to in the same way at each of the altogether eight baptisms. He may have inherited the office of schoolmaster from his father. After him, however, only one further teacher appears in the large Schoolmaster branch. Stefan was cantor in Reusten for 51 years, and his principal occupation was probably that of teacher. He had nine children, one of whom was stillborn. After Stefan comes his son Michael, a farmer with six children.

He was followed by his fifth son, also named Michael, a mason by trade, with ten children. His eldest son Johann-Michael was also a mason like his father. He had eight children from two marriages. His fifth son Johann Daniel was a butcher and moved to Herrenberg, where our family line continued. Of his three sons, two reached adulthood; there were no daughters in this family.

The younger of the two sons was baptized Johann Daniel, like his father. He lived from 1766 to 1834 and was also a butcher. He is the father of our Jakob Friedrich, who emigrated to Grindelwald.

Johann Daniel Sauter (1766-1834) was married three times. His first wife, Christina Friederike Rath, died after ten years of marriage from dropsy. The marriage remained childless. *Catharina Dorothea von Au* became his second wife in 1802 at the age of 17½ years. At that time he was 36 years old. In 1803 she became the mother of *Jacob Friedrich*, the first of the Grindelwald line.

After ten years of marriage, Catharina Dorothea von Au committed adultery and, even after the divorce, gave birth to a son, Christian, who was baptized after his alleged father Gerlach. The child died 14 days after birth. His uncle Johann Jacob, a cabinetmaker in Herrenberg, is entered in the church register as godfather.

Eleven years after the divorce, Catharina Dorothea von Au married again and moved to Nufingen. Her second marriage remained childless. We do not know whether our Jakob Friedrich grew up with his father or with his mother.

Twelve years after the divorce, the father married for a third time. This time his wife was named Christina Catharina Heckenhauer. He was 56 years old at the wedding, she was 26. In 1829 a son named Christian Friedrich was born; he was 26 years younger than his half-brother Jakob Friedrich. When the child was five years old, the father died. The boy later became mayor of Herrenberg and held this office for 34 years. Today there are no more male descendants of this Sauter branch. In 1847 - when her son Christian Friedrich was 18 years old - Christina Catharina Heckenhauer married the nephew of her deceased husband, Daniel Friedrich Sauter; in other words, she married the cousin of her son and of our Jakob Friedrich.

And now to *Jacob Friedrich* (the grandfather of Fritz Sauter), the tanner in Grindelwald. In the baptismal register of Herrenberg he is entered as Jacob Sauter, whereas on his gravestone in Grindelwald he is designated as Jakob Friedrich. (In the 19th century, Jacob was written with a "c" in Germany and with a "k" in Switzerland.) The second version is most probably the correct one. According to the custom of craftsmen at the time, Jacob Friedrich traveled as a journeyman tanner. However, we know neither when nor for how long nor at which places he stopped. We only know that he found work in the tannery at Brienz in the Bernese Oberland and there, beside the beautiful lake, met and fell in love with the charming maiden *Barbara Grossmann*.

On June 16, 1828, Jakob Friedrich Sauter and Barbara Grossmann were married in the village church of Brienz. Afterwards, the couple moved into the Grindelwald valley and took over the local tannery - first as tenants and later by purchase.

The tannery, still known colloquially today as "die Gerbi", consisted of the very spacious residential house together with the tanning rights and facilities, the surrounding meadowland with the associated mountain rights on the Bachalp, as well as a bark mill in the hamlet of Tuffbach, which supplied the necessary tanning bark (processed tree bark).

Jakob Friedrich acquired the Gerbi in stages. Five purchase contracts were necessary, the first in 1841 and the last in 1853, before the entire property belonged to him. Three months before his death, he also purchased the "Aellschlüechtli", an alpine pasture with a hut on the steep slope of the "Sattelhalte".

At that time, the tanning trade was still a respectable profession that could provide its practitioner with a modest livelihood, perhaps even in a mountain valley such as Grindelwald. The valley inhabitants brought the hides and skins of domestic animals as well as hunted game to the Gerbi and, in return for payment, received the tanned leather back, which the itinerant shoemaker processed into shoes and which was occasionally also used for straps for cowbells and cattle bells. Tanned hides also served shepherd boys and alpine herdsman as protection against rain.

In addition to the tannery, Jakob Friedrich and his wife Barbara also operated a small farm, certainly primarily to improve their livelihood, but equally out of love for it. The work in the meadows and fields, in the garden and forest, provided a balance to the rather unpleasant and foul-smelling profession of tanning.

Jakob Friedrich rendered a service to the valley by introducing cultivated fruit growing, which he knew from his Swabian homeland. The Grindelwald valley was widely known for its abundance of cherry trees, which transformed the valley into a white sea of blossoms in spring, as well as for the small, sweet, mostly black cherries from which an excellent cherry brandy was distilled. Other types of fruit were rare. Jakob Friedrich instructed the valley inhabitants in tree care, tended their trees for them, and his own orchard served as an example. To this day, fruit trees planted by him still stand near the Gerbi. In a similarly beneficial way, his wife Barbara influenced the valley through the introduction of carefully maintained gardening. She may have brought the inspiration for this from her beautiful homeland on the mild shores of Lake Brienz.

A picture of Jakob and Barbara exists in the Gerbi family album. It was a glass-plate negative with goatskin mounted on the back. Under favorable light, this created the impression of a photographic positive. The picture was found under the roof overhang in the attic and bore the note in Fritz Sauter's handwriting: "Father's parents".

In 1856, Jakob Friedrich acquired citizenship rights for himself, his wife, and his children in the municipality of Grindelwald, the Canton of Bern, and Switzerland. Through marriage, his wife Barbara had lost her Swiss citizenship and now regained it after 30 years.

The couple was blessed with seven children, three of whom died between their first and second year of life. A little girl, the second-oldest child, drowned in a fountain basin in Grindelwald. Three daughters and one son survived. Barbara, the eldest daughter, married the courier Felix Müller from Hospental, who accompanied distinguished families on their travels. The couple remained childless. They lived in Interlaken and later in Geneva, where Felix Müller worked as an entrepreneur and pioneer of photography using the then new wet-plate collodion technique. After his death, Barbara returned to Interlaken as a wealthy widow.

Several towels bearing the inscription "Müller" can still be found in the Gerbi. They therefore originated from the eldest daughter of the immigrant Jakob Friedrich.

The second daughter, Rosina Margaretha, emigrated to North America, first by stagecoach and then from Hamburg by sailing ship. Her further fate is unknown. She must have been an energetic and courageous woman, otherwise she would not have undertaken such a journey.

The third daughter, Maria Augustina - that is how her name appears in the German baptismal register - became Marianna in Grindelwald. She married the municipal clerk Rudolf Häslar in Grindelwald. Her son Rudolf and a grandson Fritz more or less inherited this office.

Finally, we come to *Jakob*, the family's only surviving son, who married Susanna Bohren from the Spillstatt in Grindelwald.

In 1867, *Jakob Sauter* and *Susanna Bohren* were married in the church of Brienz, where Jakob's parents had once also stood before the altar. Through the division of inheritance, they received from Jakob's parents' estate the Gerbi homestead and the Aellschlüechtli property, and from Susanna's parents' inheritance a plot of land at Stotzhalten, along with various forest rights, household goods, food supplies, livestock, fodder, and much more from both sides. Although the parents on both sides had been counted among the wealthy people of the valley, Jakob and Susanna owed the co-heirs an amount equal to two-thirds of the value of the inheritance portion assigned to them.

This is the fate of mountain farmers and of agriculture in general: when an inheritance is divided among several or many heirs, the land is repeatedly burdened with new mortgages, so that the payment of interest and amortization begins anew each time and never ends. Later, our Fritz Sauter did not want to participate in this cycle of land indebtedness when choosing his profession. Jakob and Susanna, however, knew nothing else and courageously set about

their life's work. Moreover, unlike the purely agricultural inhabitants of Grindelwald, they could also count on an income from a trade. The tannery business inherited from Jakob's father promised new prosperity.

In her younger years, Susanna had worked as a capable cook in fine households outside her hometown. Both this practical training and her natural disposition led her, despite modest circumstances, to maintain a very refined, carefully ordered, and clean household. Her culinary skills enabled her to prepare a proper roast and bake cakes, which at that time was by no means self-evident in the glacier valley.

Among the simple farming people, fresh meat rarely appeared on the table. In winter, a pig was slaughtered, perhaps also a goat or a sheep; the meat was smoked in the open fireplace above the kitchen, and the family lived on it throughout the year - with extremely careful rationing. In one household or another, there was occasionally also a chamois that had been hunted with or without a hunting license.

Mrs. Susanna was extraordinarily practical, skillful with her hands, inventive, and full of energy. She was her own saddler and made all her mattresses herself, using hair from horse and cow tails from the tannery. In winter she sat at the spinning wheel or the loom and spun and wove the flax she cultivated herself as well as the wool from her own sheep.

Jakob and Susanna Sauter were blessed with three children: Susanna, Ida, and Fritz. (The second-born child, a little boy born in 1870, died three weeks after birth without being baptized.) Susanna died at the age of seven.

Ida, born in 1874, grew into a beautiful blonde daughter, presumably the very image of her grandmother Barbara from Brienz. At the age of 21, she married the widower Arnold zum Wald, a farmer, merchant, and innkeeper in Erlenbach im Simmental. Ida's only son was named Oswald. He is the father of Jakob zum Wald and his siblings. Oswald lived in Erlenbach im Simmental and manufactured thermometers for the Sauter company. Ida died of tuberculosis at the age of 50.

Fritz Sauter was born on July 17, 1877. He attended the primary school at Endweg for seven years, and when the secondary school opened in 1891, he transferred there for the remaining two years of his compulsory education.

The "Gerbi" children were considered well-off in the village because Fritz owned a leather schoolbag and a pair of ice skates, which at that time was a rarity in the valley. Father Jakob had bought the skates for little Fritz at the market in Interlaken for 2 francs, much to the annoyance of his mother Susanna.

Fritz was a bright boy. He was always thinking up all sorts of pranks and played many mischievous tricks. He must have been an original, funny, and lovable rascal. In Grindelwald people called him Gerber's Fritz, his mother Gerber's Zisi, and his father the Tanner, or in later years the old Tanner.

Fritz himself perceived his childhood and youth as hard, and his upbringing as very strict. A small example: It was Christmas. The children were looking forward to the celebration. When the few gifts were distributed, there was only a rod lying under the tree for Fritz, nothing else. That hurt him deeply.

In his younger years Fritz suffered from tuberculosis, which in those days was cured through fresh air, without medication.

On Good Friday in 1893, Fritz was confirmed by the "glacier pastor" Gottfried Strasser.



Jakob and Barbara Sauter-Bohren with daughter Ida (1874-1924) and son Fritz (1877-1949), c. 1883



Ida Sauter, c. 1890



Fritz Sauter as confirmand, 1893

Fritz had already begun to think seriously about his professional training at an early age. He knew with certainty that he wanted to become neither a mountain farmer nor a mountain guide. His teacher Jakob Stump knew Fritz from school and was aware of his above-average talent for physics and mathematics. Stump had also foreseen the future of electricity and technology with sure instinct and advised Fritz to study at the Polytechnic in Zurich. That was exactly what Fritz wanted, but his parents believed they could not afford it financially, something he regretted throughout his life. Mother Susanna imagined her son as a future electrician who would pull electrical wires through pipes. Perhaps it was only ten years later that she understood that he wanted more and was also capable of more.

At the age of sixteen, he resolved to acquire as broad a technical foundation as possible in order to specialize later in one field or another. In addition, he wanted to learn languages, first French and later English. Gradually he acquired everything he had set out to achieve, though always against greater or lesser resistance from home.

His education at the technical school (Technikum) in Burgdorf was interrupted by various internships and lasted a total of five years.



Fritz Sauter as a student in Burgdorf wearing his student cap

During this time he earned two qualifications, first as a mechanical engineer and later, in 1898, as an electrical engineer. Afterwards he found a position with Brown Boveri & Cie. (BBC) in Baden. There he initially worked in the workshop at an hourly wage of 30 centimes. With what was then a realistic ten-hour working day, this amounted to a daily wage of three francs. For a technician with two diplomas, this seemed very little to him. The wage was barely sufficient to cover his modest living expenses.

Before long, however, Fritz was transferred to the experimental department, and two years after joining BBC, at the age of 22, he was promoted to installation engineer. This meant that he supervised the assembly and commissioning of large machinery installations in order to hand them over ready for operation to customers. This work took him to almost every country in Europe, to Asia Minor, Egypt, North and South America, all the way down to Tierra del Fuego. In 1906 he experienced a severe earthquake in Santiago de Chile and wrote to his parents in letters and photographs about days filled with fear and terror. He wrote that he stood with his legs spread apart on tram rails so that during the quake he would not fall into a fissure in the earth. Other people stood under door frames so as not to be buried by collapsing houses.

A small, harmless observation from Cairo: A strawberry seller offered wonderful red berries for sale. Whenever he believed himself unobserved, he would take one berry after another into his mouth, carefully moisten it all around, and then place it back into his basket, shinier and juicier than before.

Fritz fondly remembered the boarding-house landlady in Lisbon, who served him a piece of fish and a small beefsteak every single day for an entire year. He said he never tired of it because both were fresh, simple, and well prepared.

His years of wandering were of inestimable value for his later life. When he resigned from BBC after eleven years of service, the last remnants of the mountain farmer's boy had fallen away from him. Nevertheless, he always remained true to himself. Despite business success and recognition, including an honorary doctorate, he never became arrogant. He never boasted about worldly possessions. He remained what he had always been: an upright man from Grindelwald with sound common sense, healthy self-confidence, and his heart in the right place.

In 1910 he began developing a time switch in the Gerbi and thus laid the foundation for the company Sauter AG in Basel. No one understood this step either, least of all his parents.

After their deaths, his mother in 1910 and his father in 1916, the Gerbi passed to him as an inheritance. He sold the land at Stotzhalten to Christian Kaufmann from Endweg, the father of Elisabeth Bernet-Kaufmann, and the Aellschluechtli to an unknown buyer.

The grave of his mother Susanna still exists at present, but it will be removed during the course of 1990. A white marble cross on a marble base bears the inscription: Susanna Sauter-Bohren. It reminds us of the Gerbi grandmother of Susi and me, whom we never knew.

After the death of his father Jakob, Fritz Sauter rented out the Gerbi to Charles Moser. Around 1930, Moser married and built himself his own house on the Spillstatt.

At that time the Gerbi was about 200 years old. It had been eaten away by woodworm. With the toilet on the veranda, the stove open to the sky, and without a shower or bath, it no longer met the requirements of a comfortable home. Fritz Sauter decided to demolish the very beautiful old Bernese Oberland farmhouse and to build our present-day Gerbi on the same foundation. We inaugurated it in the late summer of 1937. Since then it has served us as a holiday home. Many beautiful, but also some sad, memories connect us to the house and everything associated with it.

The Authors



Christian Brückner



Markus Brückner

Christian Brückner, born in 1942, Dr. iur. and LL.M. (Harvard 1972), attorney and notary, is professor emeritus (retired associate professor) of civil and civil procedure law at the University of Basel. From 1967 to 1971 he served as recording secretary and from 1980 to 1999 as a member of the Board of Directors of Fr. Sauter AG; from 1989 onward he served as its chairman. After the death of Dr. Rudolf Merker, he assumed the chairmanship of the shareholders' pool in 2009 and, from 2010 until 2014, a seat on the Board of Directors of Fr. Sauter Holding AG. His additional mandates in the private sector included the vice-chairmanship of Bank Sarasin & Cie. AG, Basel, the presidency of the International Potash Institute in Horgen, and a seat on the Board of Directors of Jungbunzlauer Holding AG, Chur. Since 2009 he has also served as Delegate for Scientific Integrity of the Swiss Academies of Arts and Sciences. Following a commemorative publication on the Basel City Command from 1989, supported by the Basel-Stadt Lottery Fund and presenting the history of the military territorial service in Basel since 1939, the present publication is his second historical work.

Markus Brückner, born in 1944, MSc in Electrical Engineering (ETH), worked from 1968 to 1974 at Brown Boveri & Cie. AG in Baden. There he headed the friend-or-foe identification project for the Florida system of the Swiss Air Force as well as the civilian project for speech encryption for police radio communications, which was in particularly high demand during the Baader-Meinhof attacks and was used, for example, by the Basel police for 20 years. He subsequently held various management positions at Fr. Sauter AG until 1999, among others as a member of the Executive Board with responsibility for the components business. He was also a member of the Board of Directors of Egro AG, Niederrohrdorf. Within the framework of this publication, he is responsible for the history of marketing and the product range. He also supervised the illustrations.