

The Music Trades

JANUARY 2009

PUBLISHED CONTINUOUSLY SINCE 1890

\$3.00

2008 IN REVIEW

BEST

The Petrof Piano Saga

An amazing story of courage, endurance, and a family's extraordinary commitment to an exemplary piano building tradition
(Reprinted With Permission)

**NAIIVI
PREVIEW!**



**Outstanding
Anniversaries**

**Big-Time
Money Woes**



THE PETROF PIANO SAGA

An amazing story of courage, endurance, and a family's extraordinary commitment to an exemplary piano building tradition

The piano industry, small in size, collegial in character, and populated with individuals who are motivated by a genuine love of the instrument, is rarely a source of high drama. Boardroom showdowns, bare-knuckle tactics, corporate espionage, and all the other intrigue that makes for an engaging story line are all but unheard of. The extraordinary saga of the Petrof family and their Czech-based piano company stands as a notable exception. Over a span of five generations, the Petrofs have faced hardships unimaginable in the U.S.—the destruction of war, state confiscation of property, personal abuse at the hands of ruthless officials, and the very real fear of unjust imprisonment. However, these obstacles perversely strengthened, rather than diminished, their enthusiasm for the piano business.

Zuzana Ceralová Petrofová, current president of the company founded by her great-great grandfather Antonín Petrof, is a cheerful woman of 40 with a ready smile and welcoming

nature. After even the briefest encounter, it becomes obvious that she is also fiercely determined to sustain the Petrof Company's 145-year legacy. Part of this determination stems from simple family pride. "Piano making is the tradition in our family, and I will not give it up," she says. However, she is also driven by a sense of national pride. A thriving Petrof Company is her family's contribution to restoring the damage done to the Czech Republic by 40 years of repressive Communist rule.

For a small landlocked nation of ten million, the Czech Republic has experienced more than its share of upheaval. The country was annexed by Hitler in 1938, taken over by communists a decade later, invaded by Russians in 1968, and then liberated in 1989 by the remarkably peaceful "Velvet Revolution." In the ensuing 20 years, the country's economy has progressed dramatically, which has both helped and hindered the fortunes of Petrof.

Today, there is no sign of these wrenching past events at

Petrof's factory complex in Hradec Králové, a city of 100,000 about two hours east of Prague. In series of low-slung concrete buildings, some 430 employees diligently work at shaping cabinet parts, stringing backs, assembling actions, and performing fine regulation. Thanks to a high level of automation, the vertically integrated factory boasts exceptional productivity levels, turning out approximately 5,000 uprights and 1,200 grands annually. The company also benefits from a long national tradition of skilled handwork that is embodied in the pianos' warm, mellow tone and elegant cabinet work. This distinctive European look and feel, combined with a competitive pricing structure, have enabled Petrof pianos to find a ready market around the world and become Europe's largest piano producer, measured by unit volume. How this globally competitive piano maker emerged from the collapse of the communist Czech Republic, says Zuzana Petrofová, with more than a little understatement, "is a pretty complicated story."

Bohemia, the region that spans into Eastern Germany and includes much of the current Czech Republic, boasts a rich musical heritage having produced venerated classical composers like Antonín Dvořák and Leon Janáček, as well as a vibrant folk genre, best described as blend of polkas and pub songs. Thanks to ample stands of prime hardwoods and fine spruce, this musical culture also gave rise to an instrument-making tradition that dates back to the 1600s. To this day, in addition to Petrof, the Czech Republic remains home to many fine luthiers and horn makers.

Born in 1839, two years before Dvořák, Antonín Petrof was definitely a product of the Czech musical culture. He was descended from a long line of woodworkers and his father operated a cabinet shop in Hradec Králové. However, at age 18 he signed on for a series of apprenticeships at several Viennese piano firms. The piano business was without question the most dynamic industry of the era and acted as a magnet for ambitious and talented entrepreneurs. Like his illustrious contemporaries, Frederick and Charles Steinway, Carl Bechstein, and partners Henry Mason and Emmons Hamlin,



Sister Act: Zuzana Petrofová, Petrof CEO and Ivana Petrofová, director of export sales.

young Antonín Petrof saw the piano as an unsurpassed career opportunity.

Having mastered the basics of the piano builders craft in 1864, Petrof returned to Hradec Králové and converted his father's workshop into a piano shop. The building, located adjacent to the main cathedral in Hradec Králové, still stands. Recognizing its historical significance, the city recently gave it a top-to-bottom restoration, even replacing the original Petrof sign.

Propelled by Antonín Petrof's intelligence and energy, Petrof Piano became successful very quickly. By the early 1880s, as the traditional square piano was going out of style, Antonín had the foresight to tool up to produce a line of upright pianos. He was also early to recognize the importance of economies of scale, and by 1890 was increasing production volumes through an aggressive export drive. The quality of the early Petrof pianos had to be exemplary, because in 1899 the company was named official piano supplier to the Austro-Hungarian empire.

In 1890 there were approximately 300 piano makers in the United States and a similar number operating in Europe. The introduction of mass production techniques led to a seismic industry consolidation, and by 1910, there were only a few dozen piano makers left on each continent. That Petrof was one of the survivors of this consolidation wave indicates that the company was one of the industry's better run businesses.

Antonín Petrof died in 1915 and was succeeded by his youngest son, Vladimir. The years between 1915 and 1948 offered up a series of catastrophes, punctuated by short interludes of tranquility. Piano production was drastically curtailed during World War I (1914-1918). However, the player piano boom that followed provided a respite and in early '20s. Petrof enjoyed record production levels, even exporting some units to Japan. By 1927 the advent of inexpensive radios brought the player

piano business to a complete halt. Three years later, when the global economy slid into a dire slump, Petrof and its European competitors barely survived. Germany's forceful annexation of Czechoslovakia (the precursor of today's Czech Republic) in 1938 exacerbated economic problems. And the outbreak of World War II a year later brought all commerce to a complete standstill.

For all the difficulties of the '30s and



Human skill, embodied in the team of fine regulators at Petrof, is at the heart of piano quality

'40s Jan Petrof, Zuzana's father and retired company president, says the hardest time for the family and the piano company was in the years immediately following the close of World War II. The Czechs had just regained their independence and were in the process on establishing a multi-party, parliamentary government. The population was fairly evenly divided between communist sympathizers who distrusted Germany and viewed Russia as a benevolent ally, and liberal democrats who believed Western Europe offered a better economic and government model. Elections in 1946 produced an evenly divided parliament and an effective stalemate. Two years later, howev-

er, the communists staged a coup and seized control. One of their first acts in power was to nationalize all industry.

After confiscating the Petrof Piano company, Communist officials abruptly stripped all family members of any management responsibility. Eduard, Eugene, and Dimitri Petrof were brought before the entire work force and denounced as "exploiters of labor" and "enemies of the people" and then marched off the premises. Jan Petrof, who was just 11 years old at the time, remembers officials encouraging workers to even spit on his father and uncles as they walked away from their family business. "It was a terrible time," he recalls.

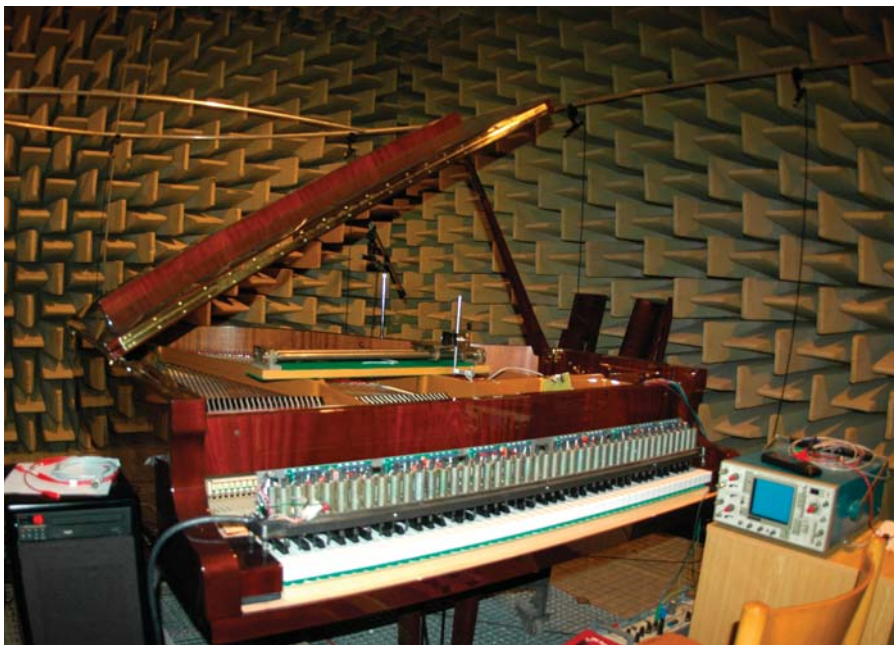
Jan Petrof's family was allowed to keep their house, which was adjacent to the Petrof piano plant. However, that was the extent of their contact with the piano business. Communist management expanded the factory and increased production, but product quality steadily deteriorated. Jan Petrof explains that managers were judged only by output levels, and had no incentive to attend to the nuances of fine piano building. The fact the most of Petrof's production was shipped to the Soviet Union in exchange for oil and natural gas also ensured that the company managers never received any feedback from end-users.

As former business owners, the Petrof family was completely marginalized in a communist society. Cut off from their piano company, stigmatized by government officials as "undesirable, reactionary, and bourgeois," they struggle to eke out a living in a hostile world. Jan Petrof recalls being failed repeatedly for his drivers license test, simply because the official, "knew I was from the piano company and wanted to teach me a lesson."

The failures of the Czech communist experiment became increasingly apparent by the early '60s and manifested themselves in falling economic output, diminished standards, and oppressive



Petrof is one of the world's most vertically integrated piano plants, producing its own keys and even winding bass strings. At a well-equipped acoustics laboratory below, an anechoic chamber is used to measure piano performance as Petrof engineers further refine designs.



regulations intruding on every aspect of life. In a campaign fueled by broad-based public discontent, Alexander Dubcek came to power in January 1968 promising to decentralize the economy, reduce the state, and expand individual liberty. Hard-line communists in Russia felt that Dubcek could destabilize all of Eastern Europe, and eight months later sent tanks into Prague to forcibly stop the reform movement. The failure of Dubcek's "Prague Spring" had a profound effect on the Petrof family. Zuzana Petrofov explains, "My parents had friends who were sent to prison for supporting Dubcek. They felt hopeless after the reforms were crushed, and it made them very cautious about trying to change anything."

The Czech Republic was virtually frozen in time from 1968 until October of 1989 when a huge crowd in East Berlin began spontaneously dismantling the Berlin Wall, the most visible symbol of Communism in Europe. The rest of Eastern Europe watched intently to gauge the Soviet reaction to this unprecedented act of protest. When Russians made no effort to quell the uprising, reformers in the Czech Republic, Romania, and Bulgaria were emboldened to take similar action. In November of 1989, thousands peacefully gathered in Prague to demand the end of the communist government. Zuzana Petrofov, then a student, was among the crowd, shaking key rings in unison and calling for the formation of a new democratic government. "Having lived through the Prague Spring, my parents were terrified that I would participate in the protests," she recalls today. "But we felt confident that this time reforms would be successful."

Zuzana's confidence was not misplaced, and the "Velvet Revolution" led to the formation of a new democratic government in Prague. In 1990, when Czech president Vaclav Havel announced plans to return the property the state had confiscated in 1948, the Petrof family for the first time dared to hope that they might reclaim their piano business. A year later, Jan Petrof was named president of the company founded by his great-grandfather, and initiated the privatization process.

Making the transition from Communist to private ownership was

PETROF PIANO



Fine regulation is one of the signatures of Petrof pianos.

not an easy process. A workforce that had become accustomed to simply meeting volume quotas had to be re-schooled in the fine points of piano quality. Jan Petrof says training them to do specific tasks properly was the easy part. More challenging was prompting a shift in their attitudes. “It was difficult for some to understand that if the product wasn’t right no one would buy it and the company would ultimately fail,” he says. “They had no concept of what demanding consumers expected.”

In a remarkably short time frame, Petrof managed to elevate the company’s quality levels and was successfully exporting pianos throughout Europe, the Americas, and even parts of Asia. However, the family’s efforts to reclaim ownership of their business moved at a far slower pace. The Czech government had added factory buildings and equipment since it confiscated Petrof in 1948. Negotiations hung up on a formula for valuing how much of the company’s asset base belonged to the Petrof family, and how much was the lawful property of the state. Havel’s Czech government was more liberal than its communist predecessors, but still proved a tough negotiator: After a full decade at the bargaining table, the state finally returned 4% of the company’s asset value, with the Petrof family purchasing the balance in a leveraged buyout in 2001. With the family’s reacquisition of

the firm, Zuzana Petrofova left a career in the pharmaceutical business to head Petrof. Her younger sister Ivana also joined the company, heading export sales.

Over the last decade, the liberalized Czech economy has grown at a fast pace; it even boasts one of the world’s rare expanding piano markets. However, the resulting appreciation of the Czech currency has blunted the



The original Petrof factory, now a landmark in Hradec Kralove.

price appeal of Petrof pianos. Zuzana’s response has been to establish a wholly owned U.S. distribution subsidiary, Petrof USA, to provide more competitive pricing in its largest export market; and to introduce a completely redesigned product line, the Master Series.

From the 9’ Mistral concert grand to the 6’4” Bora, the new generation showcases the skills of Petrof’s piano craftsmen. Impeccably finished, the instruments feature a duplex scale, individually secured treble strings for greater resonance, an ebony-capped treble bridge for brighter tone, and highly figured wood veneers. They are also equipped with Petrof’s patented magnetic action, which offers extremely fast repetition with exceptional control. Piano industry veteran Al Rich, who is president of Petrof USA, explains, “The new generation provides a halo effect for the entire Petrof line. From the standpoint of tone, cosmetics, or touch, they compare favorably with anything manufactured in Europe today. Also, they have a warmth that sets them apart from Asian-made instruments. We’re confident that these instruments will give our dealers expanded sales opportunities in the institutional market, as well as to discerning players.”

Simultaneously, Petrof has introduced the Scholze and Weinbach product lines to address more price-sensitive market segments. The company is also offering the Rosler piano, which is manufactured in China to Petrof specifications. Rich continues, “Petrof has the most competitive product line in its history right now. We are addressing all important price points with instruments that really have a ‘soul’ and will appeal to any type of customer.”

In the past three years sluggish demand has made life difficult for every piano maker around the globe, and Petrof is no exception. Zuzana Petrofova concedes as much when she says, “This is much more challenging than selling pharmaceuticals.” However, when asked whether reclaiming the family business was worth the ten-year struggle, she doesn’t hesitate in the least. “This is my family’s heritage, and it is what I was meant to do. I have no regrets and would do it all over again in a minute.”