

Strong brands – strong group

THE DUTCH KAAK GROUP IS ONE OF TODAY'S TOP MANUFACTURERS OF BAKERY MACHINES AND EQUIPMENT. ONCE JUST SUPPLIERS OF CONVEYING SYSTEMS, THE GROUP'S PORTFOLIO NOW INCLUDES EVERYTHING FROM DOUGH MAKE-UP TO COOLING AND FREEZING. HILDEGARD M. KEIL, EDITOR-IN-CHIEF OF BAKING+BISCUIT INTERNATIONAL, TALKED TO **JAN KAAK**, OWNER AND CEO, AND **AART-JAN HARTMAN**, MANAGING SALES DIRECTOR OF THE GROUP, ABOUT THE SITUATION WITHIN THE BAKING INDUSTRY IN GENERAL AND THE KAAK GROUP IN PARTICULAR

+ bbi: It was about a year ago that a global finance and economy crisis developed. Has this situation harmed the baking industry and are companies still investing?

+ Kaak: There are different situations for various reasons. Countries such as Spain and France have been investing heavily over the past 10 to 15 years and so here the current need is low. However, we are still experiencing a strong reluctance in terms of investment in Russia even though the situation has slightly improved over the past few months. Companies face the challenge of finding appropriate funds with reasonable conditions. The markets in Germany, Scandinavia, Belgium, Luxemburg and the Netherlands are rather calm. Investments are quite often mere replacements although some additional new lines have been ordered as well. The investments within North America over the past five years have only reached half the volume, if that, of the one within the EU. I presume it will take another one to two years to get the market going again. Each country has to deal with different conditions on the market for baked goods and also on the capital market. This all affects investment activities.

+ bbi: Are there any new markets with positive prospects?

+ Kaak: Africa, as a whole, is a new and growing market



++ Jan Kaak

where investments into industrial baking lines are currently happening; in South Africa predominantly toast bread lines, in West Africa mainly baguette lines. Currently the new EU countries of Poland, Romania and Bulgaria are also investing a lot. Even in the Netherlands and in Belgium, additional capacity is being created. In the Middle East, companies are investing in new lines as they are in some parts of Asia. In Scandinavia, the crisis has hardly been felt.

+ bbi: Are the additional capacities that you talked about earlier being achieved by increasing the line performance from 8,000 to 12,000 or

15,000 baguettes for example?

+ Hartman: There are investors baking on mono-lines with high output, although currently we are experiencing almost the opposite trend in Europe. The baked goods producers favor two parallel lines for 3,000 pieces each which are then combined upstream of the proofer or the baking oven. The reason for such an arrangement is that the bakeries want to invest more time in the quality of their dough.

+ bbi: Besides the increase in capacity, what other topics are now important for investment.



++ Concept of Kaak's stand at iba 2009

+ Kaak: One topic that almost all investors have on their agenda is energy savings and recovery of energy. The prices for energy have risen and energy consumption is also a political issue and therefore gaining importance within the market. We are currently setting up a CO₂ neutral bakery for one of our customers. It will include a Daub heat recovery plant. Al Gore has been informed about this project and he will attend the inauguration. This underlines the public significance of this issue.

+ bbi: What is at the heart of such a bakery?

+ Hartman: It is the entire energy management. The heat generated in the oven is key, of course! As we are using a central boiler plant for the Daub thermo-oil ovens, the energy consumption is already lower than with other types of energy. Added to this, the heat from the flue gases and the steam is recovered. The water that absorbs this energy has a different temperature depending on the amount of energy. It is collected in a laminar tower which is connected to all heat recovering units, all users and storage. The laminar tower de-couples the heat flows, makes use of the gravitational force and sorts out the different temperature steps. This puts us into the position of providing water in various heat categories to the different users which include crate washers, belt washers, heating systems and even the water withdrawal. Whatever is not needed will be stored in a special buffer where a specific gel absorbs the heat while losing only 1.5 °C within 24 hours. This is a medium which provides for the actual storage of energy until the time when it is needed. The storage medium has an unlimited service life and is biologically degradable later.



++ Aart-Jan Hartman

This set-up has, of course, many details contributing to efficiency. This includes a new type of heat exchanger which utilizes the thermal conductivity of carbon as well as alternative processes for the generation of energy such as pellets from grain husks. We are currently integrating the latter one at a company that also operates a mill. However, most important, are the individual situations at site and the specific requirements.

+ bbi: Why don't you convert the thermal energy into power or use it for cooling and freezing?

+ Hartman: We are currently investigating a new technology for the conversion of residual heat into electricity. However, this is not yet ready for the market. One could do a lot of things. To us, it is important that such a system is not only stable, but rather functions in continuous operation and is also economically viable.

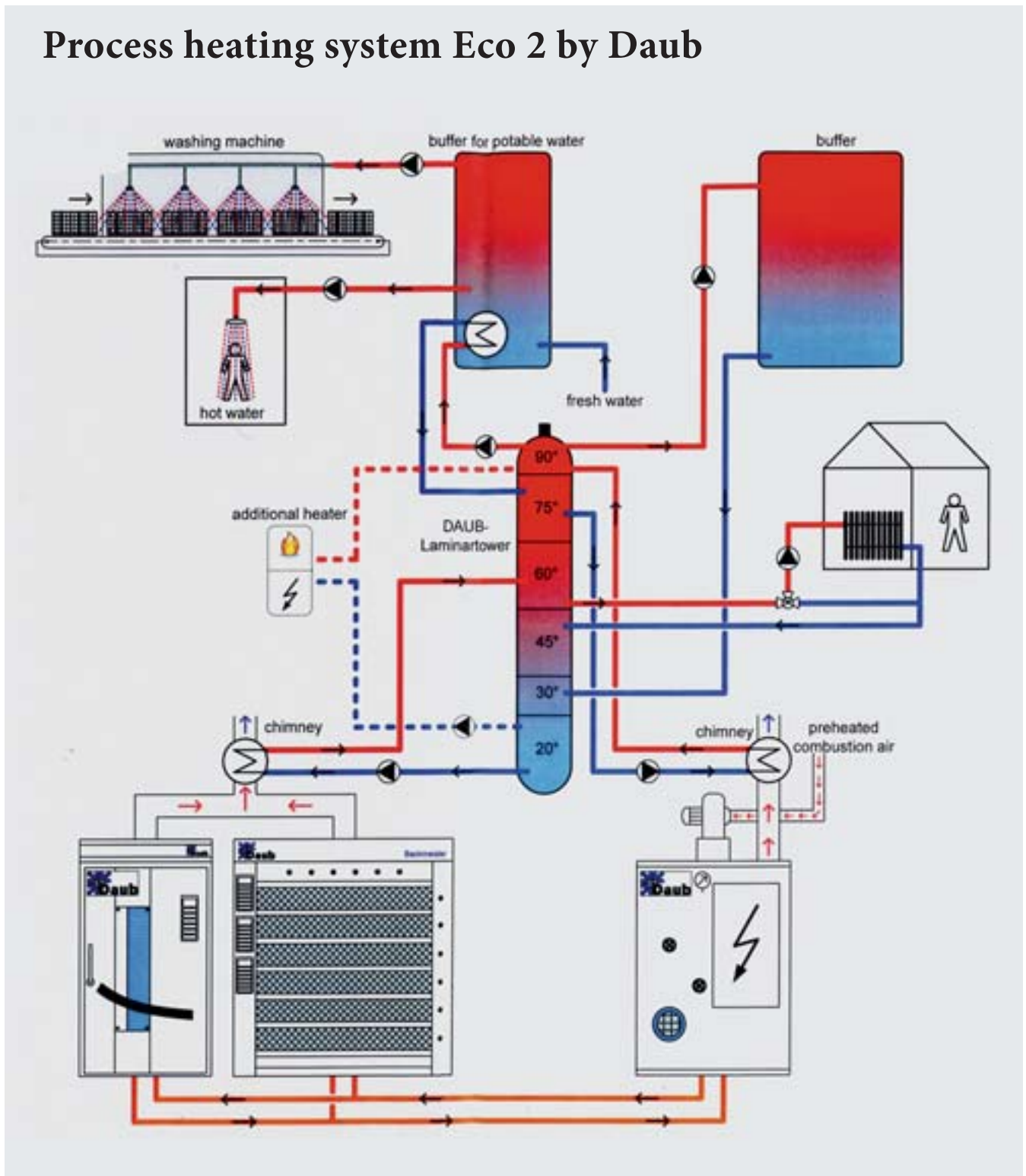
+ bbi: Do you expect that the current crisis will affect the production of baking machines and equipment and that there will be further concentration?

+ Kaak: There will be changes as there have been in this industry over the past 10 to 15 years. Prior to that, there were only two large manufacturers, Winkler and WP. Today, we have half a dozen companies or groups in Europe with turnovers of around 100m Euros each. Added to this, there are a number of suppliers in the 50m Euro sales category. Previously, there were two or three companies offering technology; now there are at least four. The number of companies selling sheeting technology has multiplied. There is a continual coming and going in this industry. Companies on ►

++ New dough sheeting line by Kaak



Process heating system Eco 2 by Daub



the market today might consolidate in the near future; others might be taken over. The situation on the market today is much more competitive.

+ bbi: In the last few years, Kaak has increased its portfolio by the acquisitions of MCS and L'Hotellier. With DrieM, you have entered the dough sheeting business. Are you looking for further expansion and if yes in which areas?

+ Kaak: In both the firms you mentioned, we had a specific interest and we took hold when the situation was right. We are not running around on the lookout for suitable candi-

dates for take-over. To us, it is important to use strong brands to support a strong group. We founded DrieM because we discovered that our customers wanted an alternative to using moulded dough or dough sheets. This is why DrieM is complementing Benier optimally. It is not our goal to buy laminating lines.

+ bbi: Strong brands, strong group – this all sounds very good. But what are the outstanding features of your group apart from the fact that all the capital is in one hand?

+ Hartman: Well, I could answer with a lot of theory, but let

me explain it with an example. In the last four to five years, we have invested a lot of time and money in the development of uniform software and hardware architectures which is now implemented into all companies and all equipment. This means that we are talking the same language and that the definition of certain terms is the same within the Group. Our latest development in this field is a new human-machine interface which is a 19 inch monitor which visualizes the entire line. Such a monitor is located at each machine within the line. From each monitor the entire line can be controlled and also each individual machine. The system leader is usually the dough make-up. In case of break down, the next control assumes this function and also controls the dough process. In the event of failures, the operator can use a three-dimensional representation to identify the failure and then retrieve an instruction on how to handle this situation. Added to this, each integrated network is linked to a laptop which can call all functions externally and also control them. Everything is connected via Bluetooth. All data is stored and made available for evaluation. The result is a clear increase in line efficiency, reduction of downtimes and less manpower for line monitoring. Now one person is sufficient for two to three lines.

+ bbi: Mr. Kaak, there are building works going on in Terborg. When looking at the new additions, it seems to reflect an alternation of generations at Kaak. Is this just a characteristic of the building or is it reflected in the company's organization and culture?

+ Kaak: The building may be an external sign. Most important, however, is that we have developed decentralized management structures. To us, it is important to have the right people in the right positions, to give them responsibilities and also to request responsibility from them. We have reached a size where decentralized structures become a necessity.

Despite this decentralization and the focus on individual qualities, each employee is still an employee of the Kaak Group even if he is working for Daub, for example.

+ bbi: Last question – what will you present at iba?

+ Hartman: Everything that we have talked about and also an electrical stone plate tunnel oven for countries with cheap electrical power; a low footprint container handling system which can stack and de-stack baskets at high speed; a new long moulder/sheeter by Benier; a new loading unit for the Daub Thermo-roll ovens; the microwave oven that you have already presented to your readers and a whole series of more novelties. Never before have we been able to present so many new things at iba than this year.

+ bbi: Mr. Kaak, Mr. Hartman, thank you very much for the interview. +++

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