



Never underestimate dough technology

BACKALDRIN IS THE SHOOTING STAR AMONGST THE EUROPEAN PRODUCERS OF BAKERY INGREDIENTS. THE COMPANY, FOUNDED IN 1964, IN AUSTRIA, NOW OPERATES WORLDWIDE. THE PRODUCTION TAKES PLACE IN AUSTRIA AND FROM 2006 ALSO IN AMMAN, JORDAN. BAKING+BISCUIT INTERNATIONAL'S EDITOR-IN-CHIEF, MRS. HILDEGARD M. KEIL TALKED TO **PETER AUGENDOPLER**, PRESIDENT OF BACKALDRIN.

+ bbi: Mr. Augendopler, let's start with the obligatory question at the beginning of a new year – how was 2007 for you, what were the highlights?

+ Augendopler: Again, 2007 was very intense and successful for us. It was marked by expansions to existing markets and also entering new ones. The main highlight was, of course, the inauguration of our "House of Bread" in Moscow, which opens new opportunities for us. We have expanded our production and storage capacities and started the construction of a high-rise storage building for more than 11,000 pallets. Furthermore, we have founded several subsidiaries abroad, for example, in Brazil and the US. In the field of Berliner-type doughnuts, we have launched new products which set benchmarks in terms of quality.

+ bbi: In 2007, backaldrin expanded its presence on the global markets. New "Houses of Bread" have been set up in Russia, the Czech Republic and also in Jordan. Is internationalization or globalization compulsory for a producer of bakery ingredients today?

+ Augendopler: No. Globalization is not compulsory because success can also be achieved in local markets. However, in the past few years we have gained a lot of international experience and felt that we could accomplish this.

+ bbi: What are the next steps within your globalization strategy?

+ Augendopler: First of all, we will work with all the markets in which we have started over the past few years even more intensely. We have to orientate ourselves to the markets in Brazil and the US and we need to get acquainted with the markets before drawing our conclusions.

+ bbi: You were one of the first Western companies to discover the Eastern European and predominately the Russian markets. Today, almost all of the markets in Central Europe are highly concentrated. Two or three company groups dominate the market for baked goods. In Russia, too, a change of structure has begun which will lead to larger units. How do you think these markets will develop over the next years?

+ Augendopler: I would not go as far as to say that there are only a few companies dominating the market as it is still highly fragmented in some countries. But the trend is clear. This development will be very fast in Eastern Europe as there are few chances for SME in these countries to develop.

+ bbi: In Eastern Europe you were one of the pioneers, now you are breaking ground in the Middle East. What was the reason for investment in that region and building your own

plant? What do you expect from the market which reaches from Jordan to Iran within the next few years?

+ Augendopler: The world is moving and so are we. The countries in the Middle East are still very traditional but nevertheless highly dynamic, just take the growth in population. The same is true for Africa.

+ bbi: Companies such as backaldrin which do not sell merely raw materials but also offer application advice and technology also need senior staff and master bakers to work alongside their sales personnel. Is it possible for one company to provide advice for all markets and all products available in these markets?

+ Augendopler: This is a very important point. We can handle this from the technical and organizational point of view. The key point is whether the customer is willing to reward this service. I can confirm this with a definite YES.

+ bbi: Do you adapt the baked goods to the regional markets where backaldrin is present or do you feel that you are more a European bakery art ambassador?

+ Augendopler: It is not our job to be a cultural ambassador. Top priority is to comply with the consumer requirements in the individual countries. However, there is nowhere else with such a highly developed bread culture as in the German-speaking countries. This is known all over the world and therefore we benefit from this trust.

+ bbi: What amount of the consultation tasks and also the training service is concentrated here in Asten?

+ Augendopler: The main part of our training service is provided in the Asten headquarters. As far as the consultation services are concerned, we are trying to move these more and more to the individual countries.

+ bbi: In the past backaldrin, as most other European companies from this industry, was mainly a supplier to artisan

bakeries. In Europe, artisan bakeries are more or less becoming endangered species. Today, industrial and large craft bakeries are the customers, for the most part, for the raw materials, and industrial or semi-industrial companies are evolving almost exclusively in the new emerging markets. Does this development change your business and if so how?

+ Augendopler: The business is subject to constant change but not in general. The bottom line is always the same: deliver high quality baked goods as freshly as possible to the customer and accomplish that with low costs.

+ bbi: Your success in Austria and Germany is, last but not least, based on the direct sales concept. Can this concept be implemented into other countries or are other business concepts prevailing?

+ Augendopler: We have installed our direct sales system into 13 countries. In about 60 countries, partner companies operate our system under their own name. However, there are a few countries with different concepts. For example Russia, Brazil and the US require other business models. But these can be solved, and so therefore these are not the most difficult challenges that we are facing.

+ bbi: The machine suppliers report more and more that customers are not coming from the trade but rather from the market. These customers have low production knowledge but a lot of market experience. Here, the machine suppliers often have to evolve into general suppliers requested to provide complete plants or lines including know-how and training. Where are bakery ingredients suppliers such as Backaldrin positioned in such systems?

+ Augendopler: This is a big chance for bakery ingredients suppliers and in particular for us. The companies today have an impressive selection of machines and equipment at hand. Nevertheless, it is the dough technology which is decisively influenced by bakery ingredients and dough management. ►



++ Backaldrin subsidiary and production in Amman, Jordan

In general, the engineering is overestimated, while dough technology is underestimated. No wonder, the machines and equipment are visible, they look impressive, and they cost a lot of money. Bakery ingredients are unimpressive, but fundamental for the process. A few minutes of less dough rest or proofing time are not visible. Who knows the legions of proofers that are too short and have already cost our company thousands of working days? Therefore, many customers involve us in the equipment planning. We, as bakers have a different point of view to that of the engineers.

+ bbi: How important are fairs and exhibition for your global business today and which fairs are indispensable for your company?

+ Augendopler: Fairs are market places where interested persons can get an overview of the offers available and can compare them. At an exhibition, I can determine the performance and capability of a supplier. The knowledge about a supplier, in general, is not that broad and often marked by habit. We are always ready for comparison, wherever it takes place. Germany is the world champion for fairs. iba and Südback are, for sure, two of the most important and best bakery exhibitions. Internorga is also indispensable. There are also some more global bakery fairs with large regional impact, in China, Japan, Dubai, the US, Russia, France and Turkey, just to name the most important ones.

+ bbi: In Austria, the only national specialist bakery fair turned into a highly disputed event for bakery, butchery and food service suppliers. Do you feel that this concept promises success?

+ Augendopler: The general consideration, namely to present a comprehensive choice to the baker on “his” fair is certainly legitimate. The reason why this failed is probably because there are too many good trade shows for the meat and the food service. Here, again, the trend for specialization is prevailing.

+ bbi: Where does your product development take place and where do you get your ideas from?

+ Augendopler: In general, our product development takes place in the “House of Bread” in Austria. We have a highly qualified, creative team working there. Of course, a lot of input is given from our field workers and our customers, who also sometimes show the right path. Finding ideas is not complicated as life is full of stimulations. We also love our job and keep thinking about it. Ideas are not restricted to working hours only.

+ bbi: Are there trends which are of global significance?

+ Augendopler: In the food sector, there are no global trends, the markets are too different. However, there are some tendencies on many markets. The trust in what we eat will, for sure, be given more priority in the future than it has in yesteryears and today. Sustainability, environmentally-friendly production, consciousness to health, life style and many more issues will also play a role. Most important, how-

ever, will be the societal and sociological changes. All that will have an impact on daily food.

+ bbi: How do you judge the development of the organics markets in the world? It is just a temporary fashion of the oversaturated industrial countries?

+ Augendopler: Organic products are more than merely a fad. They are one answer for insecure consumers – whether this is justified or not is not the question here. Organics are not just a subject in industrial countries. You would not believe which countries ask us about organic products. We have not recently jumped on the bandwagon. We have been producing raw materials for organic baked goods for about 12 years now. There is no lack of quality now.

+ bbi: Slim, healthy, fit, even in old age – a market has already developed around these terms which is not yet relevant for baked goods. How significant do you think this market is worldwide?

+ Augendopler: Fact is that the health care costs due to malnutrition are eating up billions of euros. Therefore, it makes sense to think about high quality food and reasonable supplements. The personal diet is a very complex subject which should be approached with a lot of responsibility. In this respect, no other food is as suitable or as basic as bread. And a lot of excellent examples are available. I will refrain from promotion here.

+ bbi: Let’s conclude this interview with the obligatory question on resolutions and goals for 2008 ...

+ Augendopler: Our resolution is the same as for any year: satisfied customers. The goal is a reasonable further development of our company.

+ bbi: Mr. Augendopler, thank you for this interview. +++

Backaldrin company facts *(Stand: January 2008)*

Founded in 1964 ++ Owner: Peter Augendopler ++

Management: Peter Augendopler, Reinhold Hubacek (backaldrin Austria and Germany), Harald Deller (backaldrin International GmbH) ++

Product range: More than 400 products: wheat bakery ingredients, bread improvers, special pre-mixes for bread, pastries and fine bakery wares, bread spices, organic products, fillings, flavorings ++

Brands: Kornspitz®, PurPur® wholemeal bread, Bagelino®, Mein Kornbrot®, DinkelIX® spelt wholemeal bread, Finnenbrot (dark, juicy wholemeal bread), Enerjoy®, Longfinger® ++

Headquarters: Asten, near Linz (Austria) ++

Production facilities: Asten, near Linz (Austria), Amman (Jordan) ++

Subsidiaries: Belarussia, Brazil, Bulgaria, Czech Republic, Germany, Hungary, Italy, Jordan, Poland, Russia, Sweden, Slovakia, Ukraine, USA ++

Number of employees: more than 500 ++

Sales 2006/2007: 105m euros ++

Export share: above 75% +++



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