

Systematic competition

FRITSCH BAKERY SYSTEMS, A SUBSIDIARY OF THE FRITSCH GMBH COMPANY FROM MARKT EINERSHEIM, GERMANY, IS NOW ACCELERATING ITS PRESENCE AS A SYSTEM SUPPLIER. THE BACKGROUND TO THIS IS EXPLAINED BY **UWE NEES** (DIRECTOR OF OPERATIONS, FBS) AND **KLAUS FRITSCH** (OWNER OF THE COMPANY) IN AN INTERVIEW WITH BAKING+BISCUIT INTERNATIONAL



++ Uwe Nees (on the left, Director of Operations, FBS) and Klaus Fritsch (Owner of the Fritsch GmbH)

+ bbi: Mr. Fritsch: You have just given your subsidiary BTT the new name of Fritsch Bakery Systems (FBS). What lies behind that?

+ Fritsch: FBS is our point of contact for system solutions, whereas the name BTT was known mainly in the German-speaking world. Moreover, as the business became increasingly internationalised, we also wanted a name that made clear the fact that this company is a fully integrated part of Fritsch. In addition, since March last year we have gained a new manager, Mr. Nees, who brings with him a wealth of experience from the baking industry and speaks the clients' language, and therefore can also respond to clients' wishes very precisely. Nowadays, an understanding of the client's situation and aims is decisive in the investment goods business.

+ bbi: How international has Fritsch's business now become?

+ Fritsch: Western Europe remains our core market, with a proportion of 65 %. It is also the home market with which we are identified. However, the export business is growing. The Russian trade fair Modern Bakery in Moscow was our most successful trade fair ever in Russia. Business in Eastern Europe overall went markedly better in 2011 than in previous years. Our representation in Latin America is rather sporadic

but when we are there, as a rule, it is with large plants, bread plants being currently more in demand than fine pastry plants. The USA is undoubtedly part of our core business, and last year there we sold the biggest bread line that we have ever built. We also see a very positive development in the Middle East.

+ bbi: Can you conquer these markets if you limit yourself to supplying make-up plants?

+ Nees: We not only offer lamination and make-up plants, we also supply complete systems from mixer to oven, and we undertake responsibility for the interfaces and product at the same time.

+ bbi: Do you offer turnkey solutions and bid as a general supplier?

+ Nees: Turnkey means ready for use, and may also include the buildings. We work back from the product, and with the client we develop a concept for it and together with him we search for the optimum technology to produce it. We bring in our competence in technology and processes – our motto is "A passion for dough" – and our independence allows us to put together the best possible production system for the

product, regardless of whether a fully or semi-automated solution is required. The client has the security of knowing that we do not select plant components on the basis of how much is built by Fritsch, but that we stand accountable for the interfaces and the technology.

+ bbi: Is competition intensifying with other groups that also offer complete solutions of this kind?

+ Fritsch: We also collaborate with individual companies in this groups, but naturally we also have very many more partners. Our standpoint is basically that one cannot be at the top in every sub-segment. Everything from a single source with one organisation in control may look harmonious but in reality it doesn't always work that way. It is easy to forget that complete solutions are all well and good, but what is really much more important is that the client is satisfied afterwards. Otherwise, it costs a lot of time and money before the plant runs the way the client wants it to. That's why we test every plant here on our premises and liaise with the client as to which raw materials are to be used and how the product is to be in the end. Even the choice of the flour quality can be decisive. That's why technological know-how plays a decisive role in success nowadays.

+ bbi: Nevertheless, must you rely on partners about whom you cannot necessarily have any "inside knowledge"?

+ Nees: We know our partners very well, and in contrast to the majority of clients we also know their weaknesses. However that's only one aspect. A financial investor also needs a partner who knows something about baking, and that is exactly our strength. We know that there are more than 50 kinds of croissant, and the detailed differences between them. We can also comply with very stringent standards, for example, such as those imposed by major fast food chain suppliers. Such investors are the very ones who require and appreciate our technological competence, and they feel they are in good hands with us. We can demonstrate the original product to them on the lines here in our Fritsch Technology Center (FTC), and can produce them in real batches.

+ bbi: Do financial investors ask for more guarantees and securities than clients from the baking trade?

+ Fritsch: Investors do occasionally confront us with extensive contractual documents, but that's part of the business, and we take care not to embark on any suicidal ventures. In the case of clients from the baking trade, pressure of this kind is sometimes also generated by the lending institutions. But we advise clients and formulate a specification document as precisely as possible. It is in our own interests to take care, because in the end we also want to conclude the ►

Uwe Nees (46)

Uwe Nees has managed Fritsch Bakery Systems since March last year. Nees brings with him perspectives from the baking industry and mechanical engineering. He was born in Neustadt an der Saale, Germany, and on leaving school he completed an apprenticeship as an industrial mechanic and took a course of study at a vocational college to become a mechanical engineering technician. Initially, he followed an engineering career. Practical experience finally brought him into the baking sector, where after graduating he started as a Technical Manager at the Wilhelm Weber GmbH Company in Pfungstadt. In 2005, at the same company, which now belonged to the Kamps Group, he undertook the management of Project Engineering, which is also involved in investment projects throughout the Federal Republic of Germany. +++

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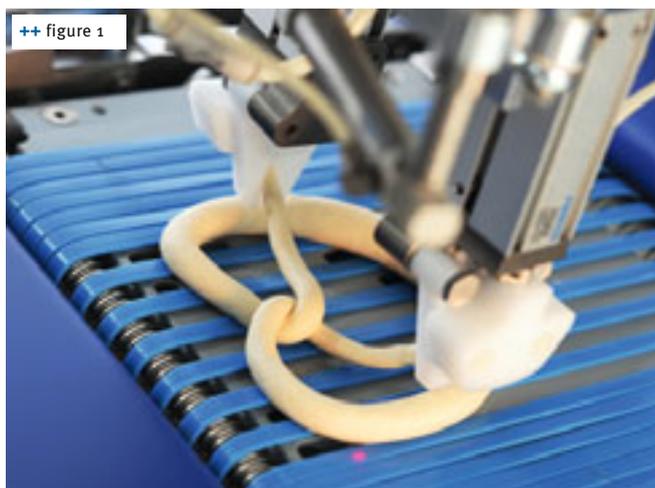
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BAKERY



++ figure 1
Fritsch Multitwist – the leading edge solution for twisted and plaited products

next contract as well. Nevertheless there are sometimes cases where a client regards contractual penalties as a financing instrument.

+ bbi: On the other hand, do you also sometimes turn clients away?

+ Fritsch: Of course we also receive dubious enquiries, but not very often.

+ bbi: What are the things on which importance is placed nowadays by investors, regardless of whether they are from the baking or financial industry?

+ Nees: Efficiency, plant availability, safety, hygiene and total cost of ownership are at the very top of the list. In established markets it is mostly a question of performance increase; in new markets the problem is rather more about finding the right capacity and flexibility. Today, however, as a supplier you must bring good references with you in both cases. Clients want to see that plants still function after ten years in a three-shift operation, seven days a week. News of problems gets round quickly. Comprehensive photographic documentation as well as striving for energy efficiency are a matter of course nowadays. Software is being increasingly developed to fit a specific project, and depends greatly on the existing or required design of the line. Clients are becoming more sensitive on this point and demand more individuality.

+ bbi: Looking again at the past year, how did Fritsch complete it?

+ Fritsch: Although the final figures are not yet on the table, it can be said that 2011 was distinctly better for us than the two previous years, and the order book with which we started the present year looks good.

+ bbi: Is that true for all the product groups from fine baked goods and croissants to pizzas, dough sheet plants, pretzels and special plants?

+ Nees: We are recording a growing demand in all segments, which is due not least to the fact that we now have a relatively broad range and offer many products from pure fine baked

goods plants to complete bread lines. Of course there are fluctuations during the year, due not least to the fact that the sizes of the individual orders are constantly increasing and therefore each individual plant has a bigger impact on our turnover volume. In late 2010, for example, the demand for pizza plants was very quiet, but then in 2011 we received several orders from various countries within a very short space of time. In the case of croissants, the prevailing theme at the moment is filled or unfilled long shelf life croissants, and the demand ranges from medium-sized bakery businesses that are looking for a plant with a capacity of 6,000 items/h to major manufacturers wanting mono-plants for up to 30,000 items/h. These figures relate to item weights of 60 or 70 g, while for smaller, lighter products the requirement is now at 50,000–60,000 items/h.

+ bbi: Does that involve “only” the work-up, or complete lines as well?

+ Nees: Products of this kind need proofing times of 3–6 h. Where labour is still low-cost, the products are often put onto trays and taken into various proofing plants and transported from there to the oven by hand. However, the trend is clearly towards complete, fully automatic lines, above all in the large factories, who are buying safety, constant performance and uniformity with it at the same time.

+ bbi: What does the situation look like with pretzel twisters, since Fritsch enjoys practically a monopoly position in that market?

+ Fritsch: Interestingly we are experiencing a growing international demand for our Multitwist. Eastern European manufacturers, as well as the Koreans, produce lye pretzels. Sweet pretzels, rings and other twisted baked goods shapes are in demand worldwide.

+ bbi: You mentioned monolines just now, and in the past there was much talk about the flexibility that clients want. Has that changed in any way?

+ Fritsch: Basically all clients want the highest possible performance, and at the same time flexibility for many different products, even though they will never use this flexibility. However, keeping a line flexible costs money and in most cases performance as well, which is why businesses who know which market they can reach with the product and/or how big the market is for them, definitely weigh things up and choose monolines or at least less flexibility.

+ bbi: Does that differ between the product categories?

+ Fritsch: Large manufacturers use croissant and pizza lines as monolines. Distinctly more flexibility is demanded in the case of classical fine baked goods and also for lines for rustic bread loaves and bread rolls, because the product range is also wider there, and there are also repeated attempts to stand out from the market through new products.

+ bbi: Mr. Fritsch and Mr. Nees, thank you very much for the interview. +++

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