

# Turnkey from Finland

ACQUISITIONS IN 2011, EXPANSION AND RELOCATION IN 2012, STRATEGY CHANGE IN 2013. THINGS WORTH MENTIONING ARE HAPPENING IN THE LEIPURIN GROUP FROM VANTAA, FINLAND



**++ figure 1**  
A glance into the Baking Center in Vantaa with the day's products manufactured and then displayed



**++ figure 2**  
The Leipurin Group's plant construction unit has been situated in Nastola near Vulganus for a year; examples of the equipment being assembled here include a large drum for a spiral tower

**+** The name is program: "Leipuri" is the Finnish word for "baker" and indicates which target group is served by Leipurin Oy located in Vantaa near Helsinki, because up to now 90 % of its customers have been bakers and the remainder from the food industry. The company, which itself originated in 1917 from a bakers' association, has systematically expanded its B2B business in recent years through acquisitions and by founding subsidiaries. As a result the Leipurin Group now owns ten subsidiaries in Finland, Russia, Lithuania, Estonia and Latvia, two in Poland, one in the Ukraine, in Belarus and recently also in Kazakhstan. This means Leipurin earns approx. 50 % of its turnover abroad, where Russia is very strong with net sales of 24 %. Sales branches are located in the latter country (together with warehouses and test bakeries in collaboration with the respective universities) in Moscow, St. Petersburg, Novosibirsk and Yekaterinburg. So it's no surprise that 180 of the 250 employees speak Russian. The group offers a wide range of products from raw materials & ingredients and has its own freezers and proofing plants to complete turnkey solutions. At the same time the company cooperates with various manufacturers throughout the whole of Europe, such as Sancassiano for mixers, Werner & Pfleiderer Haton for make-up lines, Sveba Dahlen and Werner & Pfleiderer for tunnel ovens and GHD Hartmann for packing machines. Overall, 14% of Leipurin's total sales come from the machinery area and the remainder from marketing raw materials and ingredients under the Leipurin brand (because they are based on its own recipes and product development) as well as from other raw materials manufacturers for the baked goods industry (71 %) and for the food industry (15 %). Leipurin has strengthened its competence in the baking industry since early January 2013 by a strategy change within the group. This strategy for the next five years provides for

raw materials and machine know-how and organizations to be linked together more closely for all the business units and subsidiaries. In practice this means that for each client, for example, there will be one responsible person in the entire group in a leading position dealing with the client's needs through all the business areas from the R&D department through the raw materials area and bakery technologists to the plant department and installation service and spare parts warehouse. Managing Director Matti Väänänen explains that, "This concerns not only organizational changes. The staff must adjust to different working procedures; they must think as a global entity and also live that way! And they must also extend their know-how from their department to all the business areas. After all, we sell whole ideas and entire solutions, not just machines and not only raw materials!"

The acquisition of the plant constructor Vulganus Oy based in Nastola, Finland, in December 2011 contributed an important component for closer dovetailing within the Leipurin Group. Prior to that Leipurin had its own swing tray and basket proofers/coolers to offer, and through Vulganus they were joined a year ago by spiral coolers, freezers and proofing plants as well as CIP (clean in place) washing systems and control systems. The former family business with its 55 employees also has a high export quota of over 80 % in trading with (used) machines to Sweden, Russia and the whole of the Baltic States, with the result that the group was able to strengthen its position significantly on the mechanical engineering market in these countries. At the same time the majority remains in the baking industry, and in fact to Russia, Vulganus delivers 100% of its plants to the baked goods industry. Since the takeover, the machinery business has run centrally from a single location, namely the headquarters of Vulganus. This means the fabrication workshop for the entire

Leipurin Group is housed on 5,000 m<sup>2</sup> together with 500 m<sup>2</sup> of storage space in Nastola.

A lot has also happened at Leipurin's headquarters: the relocation took place on 10<sup>th</sup> December 2012, and associated with it was the expansion in area from Espoo, 20 km west of Helsinki, to Vantaa in the immediate vicinity of Helsinki airport. Of the total area of 5,500 m<sup>2</sup>, 3,870 m<sup>2</sup> is provided for the warehouse, which corresponds to 5,000 pallet spaces, 1,500 more than in Espoo. The remaining area is occupied by baking centers and offices. Managing Director Matti Väänänen is especially proud of the new 400 m<sup>2</sup> Baking Centre: "We are equipped with completely new plant here, from mixers and a make-up line to ovens and coolers. Three master bakers are currently baking new products with our customers every day." The premises also have an innovation area in which two technologists can test various components and mixtures.

The warehouse is designed mainly to store and distribute ingredients for the 450 – 500 customers. The raw materials are partly from various raw materials' manufacturers, but the company's own products, developed in its own R&D area, also go to customers under the Leipurin brand. Small trucks drive along the rows, collecting all the individual ingredients for the respective baking industry customers. Each individual truck has a PC in which all the important information about the customer's order is collated. The warehouse also has a special feature: in addition to the unrefrigerated

### The Aspo Group

The Aspo Group is a conglomerate with approx. 800 employees and owns companies in various B2B business areas such as transport (ESL Shipping), the food industry (Leipurin), chemical products (Telko) and energy efficiency (Kaukomarkkinat) in Northern Europe and the growth markets. At the same time the subsidiaries operate under their own brands. Leipurin joined the Aspo Group in late 2008. In 2011 the company, which has 250 employees, had an approx. 27 % share of the group's net turnover, amounting to a turnover of EUR 128.2m. This makes it the group's second largest subsidiary. The provisional estimate for 2012 is a turnover of EUR 130m +++

area it has 1,000 m<sup>2</sup> of refrigerated storage areas in three different temperature stages: 200 m<sup>2</sup> of space at 12 °C for certain margarines, 100 m<sup>2</sup> at 4 °C for eggs and yeast, and 700 m<sup>2</sup> at 8 °C for all the other ingredients that need refrigeration.

Acquisition in 2011, relocation in 2012, new direction in 2013. What will follow in 2014? Väänänen explains, "We want to grow, grow really strongly. It looks very good for Leipurin East, i.e. in Russia, Kazakhstan and in the Ukraine as well, and we will systematically expand that." +++

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