

# Laminating is our core business

FRITSCH, MARKT EINERSHEIM, GERMANY – A COMPANY, NOW 80 YEARS OLD HAS QUADRUPLED ITS SALES WITHIN THE PAST 12 YEARS. ITS LAMINATING AND DOUGH PLANTS HAVE BECOME AN EXPORT HIT. BAKING+BISCUIT INTERNATIONAL'S EDITOR-IN-CHIEF, MRS. HILDEGARD M. KEIL, TALKED TO **KLAUS FRITSCH**, OWNER AND HEAD OF THE FAMILY OWNED ENTERPRISE ABOUT PRESENT AND FUTURE PLANS AND DEVELOPMENTS

**+ bbi:** Mr. Fritsch, last year your company celebrated its 80th birthday. Please correct me if I am wrong but I feel that in the past few years the development of Fritsch has gained a lot of impetus.

**+ Klaus Fritsch:** Twelve years ago, I took over the company from my father and my two aunts. Before that we were four partners and there was some form of a stand-off that impeded the development of the company. When I became the sole decision-maker, the way was cleared for a comprehensive investment program focusing chiefly on innovation. Our entire machine range was reworked and redesigned taking issues as hygiene, improved performance, low maintenance etc. into consideration. The market reaction was fantastic. At that time, new machines, for example the Laminator 3000 were introduced to interested clients and demonstrated in operation in our company. Incidentally, we also reengineered the entire laminating program at that time. Added to that we also acquired BTT, this is now our project business. The result has been an enormous increase in sales since 1996 which have soared from about 40m DEM to more than 80m EUR at present, which equates to a quadruple sales turnover within twelve years.

**+ bbi:** A significant part of the sales is generated by exports and 80% of your branch offices were established during that time. Where are they located?

**+ Fritsch:** Apart from the office in Czechoslovakia, which was established in 1992, all the others were founded in the time just after 1996. It started with the US, followed by the UK, then two branch offices in Germany, one in Italy, and last but not least the ones in Russia and Poland.

**+ bbi:** Is your export business oriented to the East?

**+ Fritsch:** Within Europe – yes. There is a lot of potential in Eastern Europe. However, when referring to volume, the



American market for us is currently even larger. In particular, within the past two years, our sales have increased there significantly.

**+ bbi:** Do you recognize any differences between the demand in the US and Eastern Europe?

**+ Fritsch:** The US market is highly automated. Here, very large plants with high capacities are predominately requested. There are not so many customers but a highly competitive structure. On the other hand, Eastern Europe is almost like Germany shortly after World War II, displaying the sense of a new era. Many new bakeries are being established and some are

even by people from other industries. In this area, it is mainly our medium machine range that is requested: CTR, Multicut, Multiline. There are also industrial projects, e.g. the Fazer Group which is growing strongly in Russia. We have implemented a very interesting project with Zwodzny, Fazer's subsidiary in Moscow. However, our main business in Eastern Europe still remains with the medium-sized companies.

**+ bbi:** Let's get back to your home market. What is your sales structure in Germany today?

**+ Fritsch:** Our sales are mainly handled via the Fritsch Vertriebsgesellschaft, headed by Mr. Hinkelmann. Fritsch BTT specializes in large industrial projects and also has some clients in Germany. They are all listed and there is a clear separation between both company sales in order to prevent irritation to customers.

**+ bbi:** BTT is a specialist in engineering and Fritsch Vertriebsgesellschaft is more of a classical sales company. Will BTT handle all of the larger projects?

**+ Fritsch:** No. The Fritsch Vertriebsgesellschaft handles larger projects independently. It also offers machines and equipment from third companies and is really successful in this field. It is a classical transaction on a commission basis. ▶



EUJERE & ASSOCIÉS

## Combining technology with taste



VMI industry has more than 60 years' experience as a supplier of baker's mixers for industrialists on 5 continents: thousands of operating mixers and the widest range on the market. The obsessions of VMI are quality and innovation: continuous mixers, Verymix III, carousels, planetary mixers, etc. VMI's footprint grows ever bigger in the bakery world because of its basic values: advanced technology and a concern for the quality of the finished product. Good taste in research.





Fritsch BTT, on the other hand, assumes the complete responsibility for a project; this includes the development of products, engineering, purchasing of all plants and equipment, either from Fritsch GmbH or manufacturers of ovens or proofers, and is therefore selling the entire project independently to the customer.

*We experience the structural change on a daily basis with the decreasing number of smaller bakeries. The change is worsening due to the increase in raw material prices.*

**+ bbi:** Both companies are independent. How much are they connected to the production GmbH?

**+ Fritsch:** Both companies belong 100% to the Fritsch Holding AG. Fritsch GmbH is also a 100% subsidiary of Fritsch Holding AG which in turn is completely family-owned.

**+ bbi:** When considering the German market, what is the main focus of your product range? How do you view – positively or negatively – the structural change over the past few years which has picked up speed and not slowed down?

**+ Fritsch:** We experience the structural change on a daily basis with the decreasing number of smaller bakeries. The change is worsening due to the increase in raw material prices. This means that large bakeries with several sales outlets and also the wholesalers will continue to grow. This is beneficial to Fritsch. We are pleased with the German market. We do a lot of business with industrial plant and medium-sized equipment. Alternatively, the sales of smaller machines are declining.

**+ bbi:** But in total...

**+ Fritsch:** In total, 25% of our sales are generated in Germany, 75% from export activities.

**+ bbi:** Is the German market getting smaller?

**+ Fritsch:** No. In total, we are growing and the German market is also increasing but not at the same rate as the export markets.

**+ bbi:** Does the project business increase with the increasing concentration on the global baked goods markets?

**+ Fritsch:** Yes, in the East and in the West. Companies, in particular larger ones are increasingly being forced to reduce their own engineering efforts due to overhead costs. This leads to buying everything from one supplier in order to escape the responsibility of the interface compatibility. Interfaces are always susceptible to errors which might prove very costly.

**+ bbi:** How do you evaluate the relatively new markets in the Middle East?

**+ Fritsch:** The Middle East is an interesting market with huge potential. This is true for the entire area: Dubai, Saudi Arabia, Kuwait. For example, we have been conducting business with four or five clients in Saudi Arabia for about four years now. The key customer is of course Western Bakeries. We have introduced ourselves into this company with two toast bread lines which use laminating technology instead of traditional technology. The main reasons for this change were raw material savings and uniform quality.

**+ bbi:** How much are these markets interested in multi-functional plants, i.e. plants that can be used for testing the product range prior to making aimed investments later?

**+ Fritsch:** In particular, if a business is set up from scratch and it is not completely clear in which direction it will go,

flexibility is highly requested. We experience again and again that the multi-functional lines are used for testing the market and, then if after some time, it becomes clear which products are in demand, the respective mono-lines are ordered. However, even the mono-lines should have a certain degree of flexibility, i.e. the possibility for retrofitting later for the production of other products in order to safeguard the investment.

**+ bbi:** What type of systems engineering is dominating the Fritsch business today?

**+ Fritsch:** Two technologies are dominating: the classical laminating technology including the production of croissants and the technology for the production of rustic breads and rolls from a dough sheet. Together both systems account for about 70% of our sales.

**+ bbi:** How about the geographical distribution?

**+ Fritsch:** Our main sales generator in Eastern Europe and Russia is still the equipment for fine bakery wares with the plants for the production of rustic bread slowly catching up.

**+ bbi:** Russia is a traditional bread country, so what are the reasons behind this?

**+ Fritsch:** Up to now traditional sourdough breads and batons were the major products. These products are made on a type of line not offered within our product range. However due to globalization, the demand for ciabatta, rustic baguettes and possibly even sandwich toast is rising – and that is our big opportunity.

**+ bbi:** With the toast bread plants you are pushing into a range which has been up to now the domain of manufacturers of classical bread plants. What is the maximum piece weight?

**+ Fritsch:** This is variable. Most decisive is the length of the piece. Common weights are 800 to 900 grams.

**+ bbi:** Are you just taking a short foray into this field, or are you aiming at a new market?

**+ Fritsch:** No. We will pursue this direction in the future.

**+ bbi:** What will be your next investments? In which direction will you be heading, what are the next target markets?

**+ Fritsch:** Without any doubt, the automated production of ciabatta and rustic products will be a field in which more innovations can be expected. Our main goal is to produce premium quality with the highest performance. In the past, this was more a contradiction, but today it is possible. Naturally, such lines will increase in size and price. However, when quality and efficiency are right, and the return on investment is guaranteed, then such investments are worthwhile and are made in general, and combined with investments in freezing technology.

**+ bbi:** Can you imagine a development where the costs for energy and logistics might neutralize the benefits of a ▶

# Codos® System

The innovative, continuously operating, Codos® mixing and kneading system guarantees:

- High and consistent quality
- Cost savings up to 30%
- Easy operation and cleaning

## Continuously better dough quality for

- Wheat bread
- Baguettes
- Mixed bread
- Rye bread
- Pretzels
- Rolls
- Tortilla
- Pizza
- Donuts
- Cream fillings
- Hamburger buns
- Whole grain bread
- Extended shelf-life goods

## Consistently Continuous.

interpack 08



Hall 2  
Stand D03

## REIMELT

Reimelt FoodTechnologie GmbH  
Messenhäuser Straße 37-45  
D-63322 Rödermark, Germany  
Telephone: (49) 0 60 74 / 691 - 0  
email: info@reimelt.de

central production and where we might see the renaissance of decentralized production again?

**+ Fritsch:** In my opinion, central productions are still being set up in a clearly defined geographical range, e.g. in France or Germany. But I do not think that there will be any extensive trade across Europe any more. Costs are making this difficult. But there is a difference. When looking at the American market and talking about decentralized production, huge volumes are still produced there. This is different in Europe. I believe that here there will be a certain renaissance of decentralized production. Nevertheless, the goal is to find the optimum balance between productive efficiency on the one hand and quality and cost per piece on the other. We are well positioned with our medium product range of Multiline, Multicut and the small Laminator 300 which we will soon launch. For medium-sized and industrial companies, we offer a complete product range.

**+ bbi:** What company size is the small Laminator 300 intended for?

**+ Fritsch:** The equipment has a capacity of up to 1,000 kg/hour. This makes it suitable for smaller industrial bakeries. It has a small footprint and more favorable investment costs than a tailor-made industrial line with a capacity of 2 tons and more.

**+ bbi:** Despite your orientation towards medium-sized and larger plants, you have started to reengineer your ROLLFIX range. How does that fit in?

**+ Fritsch:** At iba 2006, we exhibited the new ROLLFIX 600, now we are launching the ROLLFIX 700. The new model has been improved in terms of handling and sturdiness. Why are we doing this? In our opinion, this is the ideal supplementation for automatic sheeting on small fine bakery lines. The sheeting process in SMEs is a subject we are still pursuing.

**+ bbi:** Fritsch started with plants for the production of fine bakery wares, followed by machines for small baked goods and bread. Now, you offer plants for the production of toast bread. You have everything except for bread loaves in the weigh range above 1.5 kg. If you still want to expand your product range, you will have to move into other technologies such as proofers, ovens, etc. Is that a realistic possibility?

**+ Fritsch:** Laminating plants are our core business and this will not change in the future. We will not offer any dough

dividers, rounders or ovens. There is a lot of development possible in our core business still.

**+ bbi:** You are situated in Markt Einersheim, in the South-East of Germany. Have you ever considered relocating part of your production into the new EU states?

**+ Fritsch:** A relocation of our production or the set-up of a new production abroad is not scheduled because, to us, quality assurance is of the highest importance. Here, on site, we can guarantee quality. The knowledge stays in the company and our equipment is made in Germany. In the long term, a production in the US might be reasonable.

*Laminating plants are our core business and this will not change in the future. There is a lot of development possible.*

**+ bbi:** Sustainability is a subject important to the people in industrial countries. Will this be considered in the manufacture of bakery machines in general and, in particular, at Fritsch?

**+ Fritsch:** Many machine designers are dealing with this subject, as is Fritsch. Our goal is to keep the “ecological backpack” for production and disposal as small as possible. This means using less raw materials and lower energy consumption. This subject is part of the Fritsch specifications for development and construction.

**+ bbi:** One last question. You have been in the company for 25 years now. What course will the family company take in the future?

**+ Fritsch:** It is not only me that works in the company. My wife is responsible for organization and controlling. Our children are at University now and one of our daughters sees herself as following in my footsteps in a couple of years and chiefly managing the commercial part of our company. We are well set in the technical field. Fritsch is a fast growing family-owned company. It is a challenge to maintain the character of a family company. In my opinion, we are well positioned. We think in generations and not just the next shareholder’s meeting. Optimization of profits is not necessarily our primary goal.

**+ bbi:** Mr. Fritsch, thank you for this interview. +++

