

# Time for a change

THERE IS A CHANGING OF THE GUARD AT WIESHEU: BAKING+BISCUIT INTERNATIONAL TALKED TO **KARLHEINZ WIESHEU** AND HIS SUCCESSOR **VOLKER GROOS** ABOUT THE CHANGE OF PERSONNEL IN THE MANAGEMENT

++ Karlheinz Wiesheu (right) and Volker Groos



**+ bbi:** Generational change at Wiesheu – from an outsider’s point of view, this news came earlier than expected. Mr. Wiesheu, your leaving of the company has coincided with your 65th birthday, which you celebrated at the end of April. When did you make the decision to leave the company?

**+ Karlheinz Wiesheu:** A bicycle accident I had last year was the catalyst for my wife and me deciding to pass the company onto somebody else. It led to the idea that my 65th birthday might be a good date for a change.

**+ bbi:** The bicycle accident was the turning point to cite a date for change. However, the set-up of a management team as a successor to you and your wife has probably taken much more time. Is that true?

**+ Wiesheu:** Neither of our two sons wanted to continue with management of the company. Therefore, we had to look at different ways. A management change can take as long as eight to ten years. There were many draw-backs to consider and new opportunities to take. This all takes time, and there is also time for mistakes.

**+ bbi:** Is it hard for you to give up a company that you have built or – put the other way around – what makes it easy for you?

**+ Wiesheu:** For all my life, my decisions have been based on rationality. For me, it is important to know that the compa-

ny will continue and that the growth is not interrupted. We have the prerequisites, the people, the organization, the market – everything is right.

**+ bbi:** Let’s talk about the history of the company. How did it all start?

**+ Wiesheu:** Well, if I said that everything was well prepared and strategically organized – that would not be true. In principle, my former employer encouraged my entrepreneurship. Actually, I am a master butcher. After two serious accidents in this business, I went into business for myself as a sales person for a manufacturer of meat processing machines, based in the US. The situation required that I had to take back used machines in order to sell new ones. The company did not want this but they also did not disagree so I did

## Wiesheu GmbH

Headquarters: Affalterbach

Founded in 1973 by Marga and Karlheinz Wiesheu  
Development and production of baking ovens and combination steamers

The second factory in Wolfen, built in 1991

Employees: 350

Total turnover in 2007: 59.5m Euros +++

it on my own. The used machines were left standing in my garage: I began with Dieter Ries, my first partner, and repaired them at weekends. After one year, I had made more money with the used machines than by selling new ones. As a result, when the American company bothered me again, I quit my job. We then started building the first baking ovens for Leberkäse sausage.

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**+ bbi:** Ovens for Leberkäse sausage are for butchers. What made you turn to bakers?

**+ Wiesheu:** By 1977/1978, we already had a production series and we were exhibiting at fairs. It was then that another fortuitous event happened. We were delivering Leberkäse ovens to Hertie. At that time, they had baguette ovens in their sales outlets in Munich and Frankfurt but they were not happy with them. They approached me and asked whether I could build such ovens for their stores. I took on the project and at first we experienced a few problems. But, I am ambitious. After our oven was working correctly, we placed a small ad in a magazine for the bakery trade: "Shop baking oven for sale". Immediately there were replies. In 1980, we exhibited at iba, in Munich and gradually the trade became aware of us. However, at that time, many bakers laughed at us. They considered our baking oven to be a toy oven.

**+ bbi:** Your start as a supplier for bakeries coincided with the beginning of the advent of chain stores in the German bakery trade. Would you consider yourself to be the largest in-store baking oven manufacturer in Europe today and how important are butchers for Wiesheu today?

**+ Groos:** In total we have produced and delivered about 7,500 ovens in the past year. With that in mind we presume we are the market leader in the German-language area and also in Europe.

**+ Wiesheu:** Since the mid-80s, we have completely focused on baking ovens, in Wolfen and in Affalterbach. This focus is one of our strengths. We had already installed the principles of a concentrated systems strategy (EKS) before the political turn. Since then, we have been really successful, and this development continues. Today, we are applying the principles of Kaizen and Kanban in our work.

**+ Groos:** We focus 100% of our resources and with all our hearts and souls on the development and the manufacture of in-store baking ovens. Doubtless, there are 150, if not more, manufacturers of in-store baking ovens worldwide; most of them are of regional significance. For others, in-store baking ovens are only part of their product range and therefore only part of their focus is placed on these ovens.

**+ bbi:** How important is export for Wiesheu and when did you start exporting your ovens?

**+ Groos:** Over 20 years ago, Wiesheu ovens were already being shipped to Japan. For many years, our export activities had a subordinate role as it is not possible to transfer German solutions easily onto other markets. The metal sheets have different dimensions, peculiarities and certifications

which are specific to the country and these have to be taken into consideration, and local consumption habits must be respected. In the last three or four years now, we have been actively working in the export business and now it accounts for 45% of our sales.

**+ bbi:** Does this mean that you have doubled your sales in the past three to four years?

**+ Wiesheu:** We have always experienced a continuous growth on the domestic market, but in the past few years the foreign business has been booming.

**+ bbi:** Does it help that in a family-owned business decisions can be made quickly and simply?

**+ Wiesheu:** Certainly, but equally important is that we are financially independent from banks. We have invested only when we have had the money to do so.

**+ bbi:** In-store baking ovens are offering more features now: They are of a higher quality and therefore attract a higher price. Alternatively, the operational life of outlets and their furnishings decrease. For you, is there a discrepancy here?

**+ Groos:** There are some companies where 100% of the products are baked in the store. The oven must be functional, yield good baking results and must not break down. The oven is a critical factor for the store and the sales volume. Bakers are willing to invest if the quality is right. Sometimes, customers initially turn away due to the price but normally most of them come back.

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**+ bbi:** Are companies more willing to invest in an in-store baking oven than in production plants?

**+ Groos:** The oven in the store is not merely production equipment; it is also an indispensable marketing tool. It is similar to high performance coffee makers. If they break down, part of the sales volume will drop. In a production system, in general, there is more than one oven so that the other(s) can be used as replacements.

**+ bbi:** Some years ago, you introduced an oven with a cleaning program. Has this now been accepted?

**+ Wiesheu:** We introduced this oven in 1995 because we realized how hard the cleaning process was for the sales ▶

personnel. Of course, we were at first laughed at! Today, more than 30% of our ovens have the cleaning feature and up until now there is no competitor offering a similar oven.

*The combination of gastronomy and bakery is highly demanding in terms of humidity in the oven. There will be new and different technology in this field.*

**+ bbi:** What is the reason behind this?

**+ Wiesheu:** As my roots are in the butchery trade, I am used to handling water. It all begins with the correct sealing. If this is wrong; the oven will leak after just two weeks.



**++** Karlheinz Wiesheu (right) and Volker Groos

**+ bbi:** As more and more products are baked-off in the stores, has this lead to in-store baking ovens increasing in size?

**+ Groos:** On the contrary. The trend is to use several four-tray ovens operating parallel to each other and bake smaller batches of fresh products.

**+ bbi:** What developments will be seen for the in-store baking ovens in the future?

**+ Groos:** Energy plays a role, even for the number one energy-wasting country. Claiming that your newly developed oven will decrease the energy consumption by 10 or 15% is a strong sales argument. The combination of gastronomy and bakery is highly demanding in terms of humidity in the oven. There will be new and different technology in this field.

**+ bbi:** In gastronomy and the food service, there is a strong trend to use par-baked goods. Do you feel that there is a similar development in the bakery trade?

**+ Wiesheu:** On the contrary. Business for proofers is on the rise as well as for proofing interrupters. We have built hundreds of proofing interrupters in stores. The baking effort in stores is increasing, in particular when deck ovens are used, and long floor times are increasingly demanded. A fresh soft pretzel from a deck oven is a simply wonderful treat.

**+ bbi:** However, this requires trained operating personnel which is not self-evident in some companies. Does Wiesheu assist here?

**+ Groos:** We train the personnel in the handling of the ovens, sometimes even two or three times. Added to that, we offer many seminars in our company as well as to the customers. Subjects of such intense seminars are not only the operation of the oven but also marketing and sales issues and promotion on site.

**+ bbi:** What are your future goals and how do you intend to keep your identity?

**+ Groos:** Our vision is to be a global company. Today, we are an international company although still heavily influence by the German market. We are well set in Europe and our goal is to expand into other continents in the next few years. Our future way is a selective geographical expansion that allows service and training to expand at the same rate. The economies that we are looking to must be large; bread must be a staple food and there must be a class of consumer who can pay four or five Euros for a bag of pastry items.

**+ bbi:** What will be the owner structure in the future?

**+ Wiesheu:** It was just by chance that we discovered a foundation that wanted to take over the company without intervention in the operative business. This has been running for one year now without any problems. Most of the profits remain in the company. Business continues as usual. This is what we wanted.

**+ bbi:** Are you no longer the owner?

**+ Wiesheu:** Not any more. Currently, I am Chairman of the advisory board but, in the future, I will only be a member on that board.

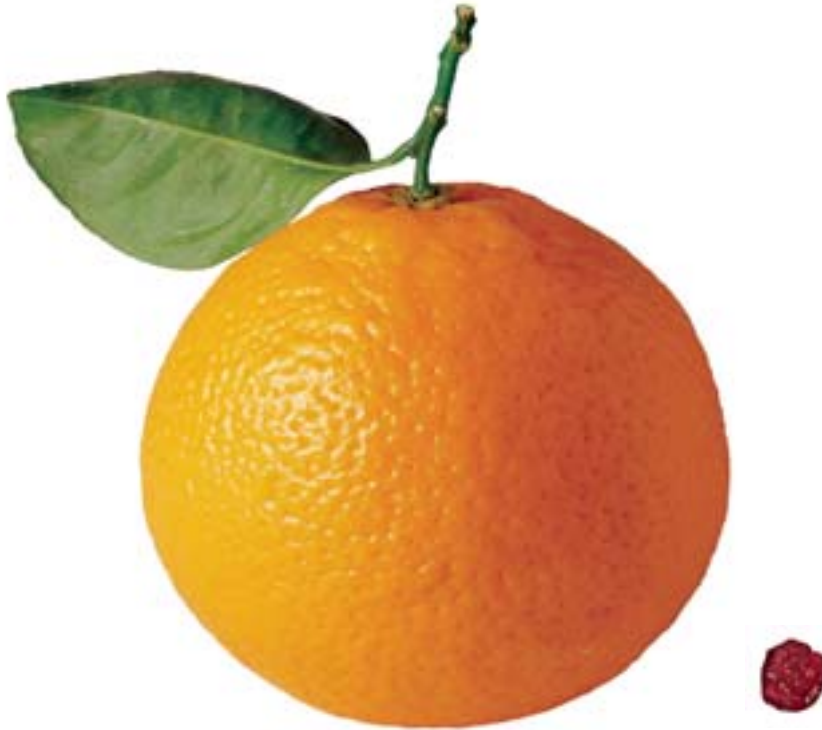
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**+ bbi:** Wiesheu (almost) without Wiesheu – do you have any plans as to what to do with your spare time?

**+ Wiesheu:** First of all, I have to let go. I will not sit around at home and get on my wife's nerves. There are plenty of things to do and I will for sure do something that is interesting.

**+ bbi:** Thank you very much for the interview. **+++**

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