

# Diversified positions

FROM BREAD LOAVES TO THIN BREAD – THE BAKERY MACHINE MANUFACTURER FRITSCH, MARKT EINERSHEIM, GERMANY, STARTED ABOUT 80 YEARS AGO JUST WITH SHEETING LINES. THE ENTERPRISE HAS SUCCEEDED IN CAREFULLY BALANCING THE EXPANSION OF ITS EXPERTISE AND BECOMING A SUCCESSFUL SPECIALIST FOR DOUGH MAKE-UP. BAKING+BISCUIT'S EDITOR-IN-CHIEF, HILDEGARD M. KEIL TALKED TO THE OWNER OF THE COMPANY, **KLAUS FRITSCH**.



**+ bbi:** Mr. Fritsch, you recently stirred up the industry by announcing at iba that your company will no longer present new developments and innovations at fairs but rather in the company's own technical center with selected guests. What is the reason behind this?

**+ Fritsch:** We will limit the presentation of strategically important novelties at fairs and exhibitions in the future. Of course, it is only natural to see at an exhibition what competitors are doing but recently we have had some rather cheeky experiences at our stand with people sometimes even using the cameras on their mobile phones to take pictures of the inside of our equipment.

**+ bbi:** Does this seem to be a problem with people from certain countries or is it the result of stiffer competition in the bakery machine business?

**+ Fritsch:** This has to be considered in a broader context. We even find components that we have developed with suppliers from neighboring countries; some of the components have been simply copied and some slightly modified.

**+ bbi:** Why don't you file suits for the infringement of patent laws?

**+ Fritsch:** Such suits take a long time in Europe and they are difficult if not impossible on a global basis. Added to that, you do not just have to be in the right; the courts must also rule accordingly.

**+ bbi:** Plagiarism at fairs does seem to be a problem. However, it must be possible to deliver a more detailed demonstration in a sophisticated technical center such as the FTC which you have?

**+ Fritsch:** Of course, we have a large base of long term and faithful customers who we can address very well and target via our FTC and we can do the same with new clients. In our center, we demonstrate our solutions under practical conditions and we can respond to the specific demands of individual customers. If someone copies one of our components, then it will become part of his equipment but this does not necessarily mean that the copyist knows why this component is the way it is. The technological background and the experience are lacking which has led to the development in the first place. For example, there are many different laminating plants on the market. However, the point is that at the end they produce precisely the product the customer requests with the correct economical parameters. This is something you cannot copy automatically.

**+ bbi:** Competitive pressure is increasing. In this environment it seems to be reasonable to streamline the equipment and to lower the investment sum. Alternatively, the planning horizon of customers also shrinks because of concerns as to whether they will still be on the market in ten years from now. Is this part of the problem?

**+ Fritsch:** Well, the investment sum is not decisive. Perhaps we have put too much into our machines in the past but in the future we will focus on a basic model and offer optional features so that the customer can see the added value and decide whether he will go for it or not. We are also known for the sturdiness of our machines and we will not surrender this concept. Our machines and equipment operate 24/7. There is hardly any investor who calculates with long spans of time. It is important that the lines pay off within the shortest time; we are talking about 1.5 to 2 years. Less down-time and low spare part requirements are extremely important.

**+ bbi:** Operational availability of the machines is one of the benchmarks today. What else do the customers request?

**+ Fritsch:** Customers request flexible lines. Even if they purchase a mono-line, it should be possible to retrofit the line for the production of other products. For technological reasons, our lines are often slightly longer than other lines. This gives us the opportunity to implement new units as mobile features or to exchange certain equipment.

**+ bbi:** What about energy savings?

**+ Fritsch:** In terms of energy savings, we have been implementing direct drives for 15 years now. At iba, we introduced our Rollfix model with energy saving motors. This will be the future concept for all of our machines and equipment. However, such motors are not available for all performance classes. But the awareness of our customers is growing al-

though there are differences from one country to the next. However, what good are energy savings if the line does not function as needed after two years or if it cannot be retrofitted? The most important requirement is sustainability so that the customer can even effectively use this line after many years.

**+ bbi:** How important is service for your customers?

**+ Fritsch:** Customers increasingly focus on their own job which is the production and supply of baked goods; they are outsourcing more and more tasks such as service and maintenance of the line. The demand for remote maintenance is growing.

**+ bbi:** Did the growing significance for operational availability of the machines result in a larger number of maintenance contracts?

**+ Fritsch:** I cannot say this for the industry in general, but this is the case for our company. It is much simpler and more profitable to schedule for frequent service intervals than to handle a standstill of the entire line. We are also finding that increasingly these customers do not only want a technical service but also a technological one as well. Due to the lack

### *In our center, we can demonstrate our solutions under practical conditions to our customers.*

of qualified personnel, sometimes unbelievable losses in efficiency take place. In such a situation it pays off to schedule a technologist every three to six months for a period of a week or so.

**+ bbi:** Are customers willing to pay for this service?

**+ Fritsch:** Some pay for each individual service; others pay for the complete investment and service package.

**+ bbi:** What are the key regional markets for Fritsch today?

**+ Fritsch:** Europe is a stable market to us, as are Russia and the former CIS states despite the problems they have had in the past 15 months. In Asia, we serve individual countries. China will be a market of the future. In our opinion the US-American market is about to recover; South America is an interesting market and Africa is on the rise.

**+ bbi:** You are serving the US market via your own subsidiary. Are you planning a similar concept for Asia?

**+ Fritsch:** We are considering this but not for the next year or two. However, it will become an issue within five years. Whether our choice will be China or another part of Asia has still to be decided. ▶

**+ bbi:** What will be the next steps in terms of product development at Fritsch?

**+ Fritsch:** We have a unique position on the market for laminated dough. We are serving artisan bakers as well as medium sized and industrial bakeries. We not only have a broad, diversified position in terms of the degree of automation and performance range of lines but also in terms of dough types that can be processed with our machines, from bread dough to pastry dough and thin dough with a thickness of only 0.15 mm. It might be easier to list what we cannot do. We can even process muffin batters on our pastry lines for artisan bakeries but not on an industrial scale. The product of our customer is the focal point from where we start our developments. He either presents us with a reference sample or an idea which we can then develop together to marketability.



**+ bbi:** Let's stay with your product range, please. Apart from batter, large bread loaves are also missing from your range, is that right?

**+ Fritsch:** With our Impressa Bread lines we can also process rounded bread with a loaf weight of up to 1,300 g. Some of these lines, for example, are operating in France and Belgium. Admittedly, unmolded rye bread is not part of our product range. But we can process mixed bread with 50% rye.

**+ bbi:** Well now, how about the further developments in your company?

**+ Fritsch:** Our original pretzel twister is developing more and more into multi-twist type equipment which can be used for the production of other products as well. This is a unique selling proposition which we intend to strengthen further. Our second focus is soft processing with the intention of handling the dough even more gently. A third issue is the saving of raw materials during laminating by reducing the amount of dusting flour or by the intelligent return of excess dough. For the Impressa Bread line, we have developed a very cost efficient process for returning the excess dough,

which in parts has had a long proofing time, to the process between dough chunker and sheet former. This 'no scrap' system has proven itself several times already. The recipe is simpler as already fermented dough is added thus allowing for yeast savings for example.

**+ bbi:** Is there a demand for equipment with a higher hourly output?

**+ Fritsch:** There are some customers who request it but not all of them. There are also customers asking for medium performance in order to enter the market with a special product.

**+ bbi:** What is the performance range available today?

**+ Fritsch:** For a croissant line, the output is between 35,000 and 40,000 pieces per hour with a weight of 60 g/piece. For a bread line, the performance is maximal 4 t of proofed dough.

**+ bbi:** How important is the frozen baked goods industry for Fritsch today?

**+ Fritsch:** The main share of our industrial plants is already taken up by the frozen baked goods industry and this market will continue to grow at least as long as the logistics are as cost efficient as they are today.

**+ bbi:** For industrial projects, one of the key issues is whether to supply a line or to provide for turn key projects. Will companies such as Fritsch fall behind company groups that offer everything from the mixer to the oven?

**+ Fritsch:** If our customers want it, we can also offer turn key projects. This mainly depends upon the experience in baked goods production and the number of qualified personnel that the customer has. Fritsch BTT can look back on 20 successful years in the turn key business. We are successful in this market because our core competency is in the center of the entire process. We have compiled the necessary know how on upstream and downstream processes via our engineering and the interfaces. We do not force ourselves to supply products from our company for all processing stages. Our goal is to provide the best possible concept for the respective product. This means that depending on the product and our customer's preferences we will suggest the suppliers that are most suitable. We do not believe in

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the philosophy that one company can cover all processing steps the best. This is purely theory; the practical experience is different. ►



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\*Mintel Global New Products Database and Sterling-Rice Group, Global New Product Introductions Report, 2008.

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**+ bbi:** Let's change the subject. In 1996, you took over the management of the company from your father. What does your personal vision of the future look like?

**+ Fritsch:** In any case, I will celebrate the 100th anniversary of the company as a shareholder.

**+ bbi:** When will that be?

**+ Fritsch:** In 17 years from now. If I am still alive, I will be 70.

**+ bbi:** Where will the company stand then?

**+ Fritsch:** I want an organic growth and my top priorities are satisfied customers and employees. Profit maximization has never been and is still not an issue to me because it is detrimental to the satisfaction of both groups. I want it so that we always ask the customer first how we can help him solve a problem. The excess capacities in the baking industry require us to present constant innovations. We will increasingly focus on certain fields, but I am not in a position to talk about these here.

**+ bbi:** If you intend to stay in the company for the next 17 years, what about the next generation?

**+ Fritsch:** We are a family owned company and it should stay this way. The strength of our company is the good combination of family tradition and innovation. My three children have not yet completed their education but they are interested and this is all I could wish for at this time.

**+ bbi:** Do your customers appreciate this "family relationship"?

**+ Fritsch:** They appreciate the heartiness in customer relations, the reliability and the well-defined responsibilities. They know that I am not always in the frontline but that I am available any time and I understand their problems. Last but not least, these features are the basis for the many long-term and intense relationships between our customers and us. Each of our customers has a unique selling proposition in our house. Everybody will get the solution that fits his requirements and this solution is in general different from what other companies offer. The independence of our solutions helps our customers and the success of the concept for Fritsch proves well in economically different times. We have had a good workload in 2009; we did not apply shortened working hours and we did not lay off any employees. This speaks for itself, don't you think? The iba fair was very successful for us and we are looking confidently to next year.

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





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