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FRUITS OF LABOUR

Mitchell's Fruit Farms is one of the largest and oldest food companies in Pakistan, having recently celebrated its 75th anniversary. Mr Mujeeb Rashid, Managing Director and Chief Executive Officer, and Mr Syed Mohammad Mohsin, Advisor and former Chief Executive Officer, talk to Gemma Carter about the company's rich heritage, and explain how it is revolutionising cooking and eating practices in the country.

Since its inception, Mitchell's Fruit Farms Limited has gone from strength to strength, not only increasing its product line but also maintaining a consistently high level of quality, and a reputation for innovation. As a result of its continuous efforts, the diverse and ever-expanding range of products that Mitchell's offers is now exported to North America, Western Europe and the Middle East.

Mr Mohsin tells the story of the company's formation: "At the end of the First World War, Mr Francis J Mitchell, who was already 60 years old at the time, arrived in Bombay (Mumbai) from Scotland, in search of his fortune. He leased a 720-acre plot of barren land from the government of Punjab on which he, together with his sons Leonard and Richard, planned to grow grapes for the production of raisins. This was not a successful venture, and he quickly replaced the grapes with citrus fruit, which was immensely successful. In 1933, he started a joint-stock company under the name of Indian Mildura Fruit Farms (Pvt.) Ltd., and he also started a small-scale operation for the processing of citrus fruit into concentrated soft drinks (squashes) and preserves.

"The market grew gradually, aided by some strong selling agents in the principal cities of the subcontinent: Lahore, Delhi, Bombay and Madras (Chennai). The war years (1939-45) saw the rapid emergence of demand for processed fruit and vegetables, due mainly to the increasing number

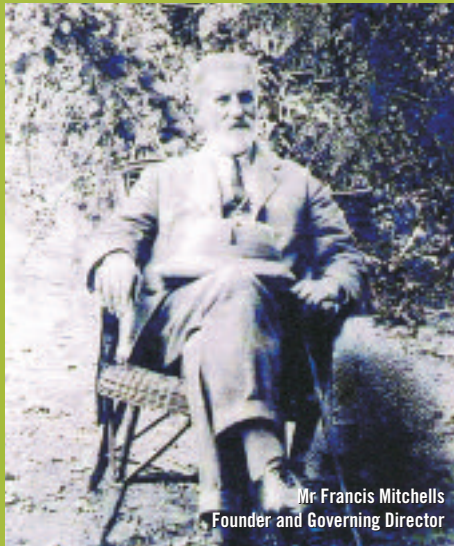
of troops from India, Britain and America. Both the range and the volume of products in demand expanded dramatically to include canned fruit and vegetables, preserves, sauces and a variety of fruit drinks.

Mitchell's Kissan brand became virtually a household name. Together with the expansion of the factory at Renala Khurd in the northern province of Punjab, a subsidiary, Kissan Fruit Products (Pvt.) Ltd., was registered in Bangalore, South India, where a new factory was established."

Gaining independence

Mr Mohsin resumes: "After independence, in August 1947, the company's name was changed from Indian Mildura Fruit Farms to Mitchell's Fruit Farms Ltd. By agreement with Kissan Fruit Products, the brand name 'Mitchell's' became the property of the original company in Pakistan and the Indian company at Bangalore became the exclusive owner of the name 'Kissan'. The immediate aftermath of the creation of Pakistan saw the sudden shrinkage in the size of the market,





Mr Francis Mitchell's
Founder and Governing Director

which fell from an India-wide level to the geographical limits of the new country in the Northwest of the subcontinent. This was a testing time for the management, as the plantation of citrus trees had also begun to reach the end of its useful life of about 25 years, and the business for finished food products had suddenly declined to about 30 percent of its size before 1947.

“The plantation was renovated in stages and a sustained effort was made to revive the business. As the economy of the newly independent country of Pakistan grew, demand for Mitchell’s products rose at a steady pace. Two of the three founders of the company, Francis Mitchell and Leonard Mitchell, died – the father in 1933 and the son in 1948 – leaving Richard Mitchell as Chairman and Managing Director of the company. He decided to retire in 1957 and, as a consequence, negotiated the sale of his shares, in 1958, to Mr Syed Maratib Ali, the head of a well-known business family in Pakistan. The majority shares in Mitchell’s Fruit Farms Ltd. were bought by members of Syed Maratib Ali’s family, who have maintained their interest ever since.”

When Syed Maratib Ali’s family acquired the business, and Mr Mohsin took over its management, Pakistan’s economy was growing and the need for new products became greater, so the company started diversifying into different product lines. In 1980, the company diversified into confectionery, making sugar candies, milk toffees and chocolate eclairs, which resulted in its annual sales being doubled. “The company was listed on the stock exchange in 1996,

and a substantial number of shares were offered for public subscription,” recounts Mr Mohsin. “Since then, production has been modernised and new equipment for expanded output of processed fruit products has been installed. In 1998, Mitchell’s became the first food company in Pakistan to receive ISO 9001 accreditation.”

In 2001, the company’s first moulded chocolate line was established, and it moved into the production of enrobed chocolate bars in 2004. Then, in 2007 and 2008, the company went through a major modernisation, during which most of its production lines were upgraded. This expansion, both in the confectionery and grocery section, was achieved under the guidance of the new CEO, Mr. Syed Mehdi Mohsin and his team.

A fully integrated operation

Mitchell’s is the only major food company in Pakistan today with fully integrated operations, having its own growing and processing facilities at a single location. Mr Mujeeb Rashid tells us more: “Modern high-volume industrial equipment, professional management and a trained workforce all combine to ensure that Mitchell’s continues its dominance as the innovator, market leader and trendsetter. The range of products that we produce today can be divided into three main areas: table, kitchen and, what I like to call, indulgence products. Table products include fruit squashes, preserves, juices, pickles and sauces; kitchen products include cooking pastes and vinegars; and indulgence products include chocolate slabs, enrobed chocolate bars and confectionery. Annually, we have the capacity to produce around 18 million bottles of fruit squash and juice, 18 million jars of jams and marmalades and 14 million bottles of sauce, as well as 5,000 tonnes of confectionery, 2,400 tonnes of enrobed chocolate bars and 600 tonnes of moulded chocolates.

“Our technical facilities include a grocery production line, which is where we process fruit and vegetables in order to manufacture the kitchen and table products. The processing stage involves removal of the outer skin – and seeds if necessary – of the fruit or vegetable, and compressing it into a more concentrated form. The fruit or vegetable may also be cooked and mixed with other condiments,” he explains. “Then we have the filling lines, where the product is put into bottles or stand-up pouches, and the packaging lines, where the individual products are labelled and placed in trays or boxes”



to be transported. On the confectionery side, we have a moulded chocolate line where we make chocolate slabs, and we also have a section for fancy hand-made chocolates. Then we have an enrobed chocolate bar line, where we make products that are similar to Mars, Bounty, and Snickers. In addition, we also have a toffee line.

“Our grocery production facility covers an area of almost 10,000 square feet, and we have a further 30,000 square feet for confectionery and chocolate production. In terms of utilities, we have boilers which support the production and processing stages, as well as electricity generators and a mechanical workshop. Our operations are supported by three adjacent private farms, which supply us with fruit and vegetables such as citrus fruit and a local variety of spinach, called ‘Saag’. We can grow other items such as tomatoes, which we use to make sauces, but the sheer volume that we require is so large that we have to outsource to other farms.”

Food safety first

For over two years, Mitchell’s has been an approved supplier to the United Nations World Food Programme, an achievement which demonstrates the extremely high quality of the company’s products, as Mr Mujeeb Rashid asserts. “For us, quality control starts with the acceptance of incoming raw materials, for which we have exacting standards – materials are not taken into the factory until they have been thoroughly tested and approved. Once the production process has commenced, there are numerous other quality checks to be performed. We have an in-house policy of batch coding and product traceability, so if there are any questions about a product further down the line, we can trace its origins. On the food safety side, we have a system of pre-qualifying suppliers, as well as defined food handling and storage procedures. We operate according to the HACCP (Hazard

Analysis and Critical Control Points) system.

“In addition, our employees are kept up to date with all of the latest quality control procedures and systems,” he attests. “We have a total workforce of around 360 people, which includes 40 managerial staff, 80 supervisory and skilled employees, and 60 sales staff. The balance are general workers, because there is a good deal of manual labour involved in the sorting of incoming materials, owing to the fact that there is no gradation at the farms here. The skilled workers are responsible for operating the machines. We have in-house functional training in place for continuous improvement, and we follow such programmes as 5S (a Japanese workplace organisation methodology), TQM (Total Quality Management) and GMP (Good Manufacturing Practice). For training on issues such as productivity enhancement and energy conservation, we usually outsource to specialists.”

Mitchell’s is also making inroads with its environmental policy, which is three-pronged. “Firstly, we are currently developing a system for waste water management. We are in the process of building an equalisation and aeration tank system, whereby waste water will be collected into a large outdoor tank and equalised via various streams, and then aerated. After aeration, the water will be safe for irrigation, and sent to our own orchards for use there. We are also in the process of developing a solid waste management system, whereby the material that is filtered off from the waste water is composted for use as an organic fertiliser. In terms of airborne waste, we have recently converted from furnace oil to natural gas-fired boilers, which has significantly reduced our environmental impact. Most of our waste can actually be beneficial for the farms around us, so we are making the effort to extract its value.”



Winning new customers with new products

At present, almost 90 percent of the company's products are sold locally and only 10 percent are exported, although Mitchell's has identified emerging potential in the export market, which it is looking to exploit. "This is due to the growing Asian communities in overseas countries, to which our products offer a taste of their home country," Mr Mujeeb Rashid informs us. "This is an excellent opportunity and we have already starting moving into this sector, exporting to the UK, the US, Europe, Canada and the UAE.

"Within Pakistan, we have around 270 large and small distributors, and we deliver to the larger ones directly – those that can buy a lorry load of products at once. For smaller orders, we have around 10 regional third-party distributors, which shortens the supply cycle because their warehouses are closer to the customer, and they have a regular delivery cycle. I believe the main consumers of our products are in the mid-income to high-income sectors. In terms of marketing, we have a certain amount of communication via electronic media outlets, but we want to focus more on the point of sale. This is due to an emerging trend in shopping style – whereas, in the past, most shops used to sell sundries and you would wait outside for the items to be given to you, today, an increasing number of self-service stores are opening and the consumer is shopping by hand," he reports. "This makes it more important to have a point-of-sale impact, and to use the point of sale as an opportunity to communicate with the consumer. So, we are working towards making our labels and packaging more expressive, and we also run regular in-store promotions. Pakistan now has many stores run by major international players such as Metro of Germany, Makro of the Netherlands, Hyperstar (Carrefour) of France, and we normally have some kind of promotion in these stores every month.

"We also consider innovation to be very important to our market and to our company," continues Mr Mujeeb Rashid, "and although society in Pakistan tends to be very traditional, we are moving towards a more modern lifestyle, particularly in the urban areas. This requires certain changes in various types of products and services. Innovation on our part started a long time ago, when we moved into the production of traditional pickles and sauces, which people

Mr Mujeeb Rashid,
Managing Director and Chief Executive Officer



would usually prepare themselves at home. These products have been doing very well since being introduced to the market. We have also made spreadable pastes and pickles, which people can put on their toast like they would peanut butter, for example. These products were only launched very recently, and I think the consumers that have bought them so far have been very happy with them, but they are very untraditional, so we have to be careful. People that prefer to use pickles in the traditional fashion are never likely to accept these new products, but there are those that would like to use them in a more modern manner.

"We are always looking for ways to present traditional products in a manner that can make them more convenient," he enthuses. "For example, our pastes make cooking much easier and faster because they do not require the same amount of preparation, such as peeling and chopping garlic, ginger and so on. We have already combined all of the condiments into cooking pastes and they are used every day. We are now looking at going one step further by producing condiment bases for making curries. Furthermore, there are some traditional curry recipes that are gradually disappearing, and we have taken these and put them into cans. Again, this is a very new concept in Pakistan, which needs to be developed, and we want to be the company to do that."

Preserving an image of natural goodness

Having been involved with Mitchell's Fruit Farms for so many years, Mr Mohsin is the ideal person to comment on what he believes has contributed to the company's continued



success and growth. “The key strength of the company, which has led to the success of the business, has, in my view, been the recognition by the consumer of the fact that Mitchell’s offers value for money,” he notes. “A contributing factor in promoting this perception has been a consistent quality standard maintained over three generations. On top of that, the large fruit plantation, which is highly visible to most people who travel along the main railway line or the highway to Karachi, and the association of the Mitchell’s processing plant with this fruit farm, have helped reinforce the image of natural goodness and quality.”

Mr Mujeeb Rashid also highlights the company’s consistent standards of quality: “I have to agree with Mr Mohsin, because, over the years, I think our main strength has been our ability to deliver high-quality products to consumers. This has been sustained through a good knowledge of the market, of consumer needs and of the farms around us, with strong research and development support in the context of local produce. We have a history of strong relationships with the industry, and our supplier partners have also contributed to our success. We deal with our suppliers very fairly, so they are always keen to sell to us. All of these factors

combined have made us successful, but, for me, the one that stands out is our consistent ability to meet and exceed consumer expectations.

“If you look at the company’s heritage, I think, in people’s minds, Mitchell’s stands for quality and a closeness to the farms that grow our materials, which makes consumers feel closer to the farms,” Mr Mujeeb Rashid observes. “Through our facilities, we have the ability to capture, preserve and deliver the wholesomeness of farm products, and this is something that is of great value to us. We would like to continue delivering this value in the future, so we will carry on operating in this way. We will aim to strengthen the brand further and bring farm products, which have been very carefully produced and tailored to market needs, to people in urban areas. This will involve expanding in the areas that we have selected for ourselves, which are sauces, preserves and ready-to-eat foods. We started off with basic products and we have already ventured into semi-finished products, so ready-to-eat products will form our next focus area.”

The major challenge that Mitchell’s faces today is remaining firmly focused in a fast-growing food market with a wide variety of options. “There is always the temptation of

trying to produce everything, because there are so many different ethnic and income groups,” admits Mr Mujeeb Rashid.

“Instead, we need to identify those areas when the volume growth potential is the best going forward, and another product line that we have chosen to develop is chocolate and confectionery. Traditionally, due to certain beliefs and the lack of refrigerated distribution facilities in Pakistan, chocolate products are mainly eaten during the winter months, but this is changing. People’s preferences are evolving and the younger generation do not tend to adhere to these customs, so there are excellent opportunities for growth in this sector as well, for which we will need to work with our distributors to develop a chilled distribution chain,” he concludes. □

