

## ZENTIS WANTS TO BECOME THE GLOBAL MARKET LEADER IN JAM AND INGREDIENTS FOR THE DAIRY INDUSTRY

# A SIXTH SENSE FOR SWEET FRUITS

Jam no longer plays the lead role at Zentis. The lion's share of the venerable company's business is now dedicated to fruit preparations for the milk processing industry. A highly competitive market. Top quality, clever innovations, and an international expansion strategy are making Zentis ready for the future.

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**B**reakfast without jam? For Karl-Heinz Johnen, the notion is “simply inconceivable.” The executive for marketing and sales for the Zentis fruit specialists from Aachen near the border where Germany, Belgium, and the Netherlands meet concurs with his executive colleague Dietmar Otte. Both love “black cherry” on warm croissants. Of course, as specialists in the realm of fruity temptations, staying close to the product is an occupational necessity for the two men. And the product is more varied than ever—and not just as spreads.

Karl-Heinz Johnen (51) grew up with jams and jellies. He was just three years old when his father Heinz-Gregor took over as head of the company in 1964—the first outside manager to run the family firm. 32 years later, Johnen Junior succeeded his father. Colleague Dietmar Otte (60) has been head of production and technology since 2006. →





**Strawberries, apricots, raspberries—selected fruits from growing regions around the world are delivered to the Zentis plants.**



## “BREAKFAST WITHOUT JAM? INCONCEIVABLE!”

**Karl-Heinz Johnen, head of marketing and sales at Zentis (left)**

Zentis is known to most people as a manufacturer of breakfast products—from marmalade to jam—and marzipan. But both account for just 30 percent of sales of 643 million euros (2011). Founded in 1893, the lion's share of the venerable company's business is now dedicated to fruit preparations for the milk processing industry: all major European milk processors are among Zentis' customers. Sometimes they order proven commodities and sometimes clever new fruit combinations to add to conventional and drinkable yogurts, curd cheese preparations, ice creams, and rice pudding products. 320,000 metric tons of processed fruit thus find their way to end customers through supermarket dairy sections each year. In this business-to-business market, Zentis has become the number one producer in Europe and second worldwide behind the Austrian global market leader Agrana. And they're not finished yet: Zentis wants to be the best fruit specialist in the world. Pretty ambitious. But the executive triumvirate, the third member of which is head of finance Stephan Jansen, has long since rolled up its sleeves and is pressing ahead to achieve the company's objective with a magical combination of top quality, clever innovations, and a prudent expansion plan for non-European markets.

**QUALITY** At the heart of the operation is the carefully selected fruit, which is frozen and shipped in containers and trucks from growing regions around the world to Aachen or other plants in Hungary, Poland, and the US: strawberries, sour cherries, apricots, blueberries,

raspberries, oranges, or plums. All top-grade, quality-checked fruits, as well as nuts, cereals, cocoa beans, and other raw materials. They have to have outstanding flavor and aroma to pass the stringent quality controls at the receiving docks of the Zentis plants. “Fruits are highly sensitive products that have to be handled with great care and the strictest hygienic conditions,” says Johnen. Fruit preparations in particular are subject to demanding requirements. After all, dairy products would go bad immediately if the fruit were not added in an aseptic process. The global “health wave” has upped the ante yet again, with customers demanding health-conscious products. Zentis has the answer: with products such as “Zentis 75 Percent Fruit” or “Zentis Balance,” the fruit specialist offers sugar-free and low-calorie yet intense fruit pleasure.

**INNOVATIONS** Company founder and grocer Franz Zentis laid the foundation for the success of the now 2,000-employee-strong company with a basic innovation: he processed dried apricots and sugar into a marmalade (a citrus rule-defying misnomer that no one minded back then) and called it “Famos—Feinste Aprikosen-Marmelade ohne Sirup” (Finest Apricot Marmalade without Syrup). The product was a hit. Such blockbusters are crucial to success. So Zentis invests in a 60-member research and development team that works on creative innovations every day. There's no shortage of ideas. They continuously dream up new flavor ideas and diverse product concepts, often in close cooperation with the respective customers. →



Around 320,000 metric tons of fruit every year are processed in Zentis plants in Aachen (Germany), Hungary, Poland, and the US.



**Fruit preparations are high-tech products processed in aseptic conditions. A dairy product would spoil immediately if the fruit preparations were not prepared and added to the dairy products in an aseptic process.**

“But the big question is which products will catch on and generate revenue,” says Johnen. And this is precisely the question he sought to get to the bottom of with the assistance of Porsche Consulting (see right). One thing is clear: “You can only score a blockbuster if you try a lot of things.” Indeed, the development of the “Müller Corner” was highly influenced by the creation of chunky fruit preparations. A huge market success, as was the “stable banana split” invented in 1998. Thanks to a patented manufacturing technology, Zentis became the first company worldwide to create chocolate that remained crunchy even after being stirred into yogurt.

**EXPANSION PLANS** Beyond demanding customers, the saturated markets of Western Europe pose the biggest challenge. Zentis serves nearly every market in Europe, Asia, North and South America, Australia, and Oceania. They’re keen to increase their current export rate of 28 percent: the US market is the primary focus of current

expansion efforts. While Western Europeans consume an average of 13 kilograms of yogurt per year, the Americans, at less than four kilos, have plenty of catching up to do: “Considering the country’s 310 million inhabitants, we see a lot of potential here,” says Otte. So the company is looking for a second location in the US. The first Zentis plant went into operation near Chicago in 2007; five years later, it is already approaching full capacity. This investment was carefully deliberated by the family company—and that attention to detail pays off: “The North American market is growing by up to 10 percent annually,” says Otte.

By the way: In the US, yogurts with strawberry preparations are the cat’s meow. To refine the selection of strawberry varieties, Karl-Heinz Johnen and Dietmar Otte are reaching for yogurts with the red berry more and more often. But only yogurts. At the breakfast table with croissants and jam, “black cherry” is still the champ. ←

## FRUITS WITH ROQUEFORT CHEESE AND BEET YOGURT

**Zentis improves its indirect processes related to fruit preparation. In focus: product creation as well as planning and control.**

Zentis has always worked hard to better itself. But to achieve continuous advancement, sometimes it helps to take a look from the outside in. That's why the company decided to take a closer look at its processes in product creation, planning and control, sales and marketing, quality management, personnel management, and even maintenance and process technology together with a team of consultants from Porsche Consulting. Potential for improvement was found in the product creation process, for example: year in and year out, Zentis produces thousands of refined flavor concepts. Be it "fruit with Roquefort cheese" or "beet yogurt"—few ideas have been left untried by Zentis' intrepid food technologists. But this innovative spirit has its price.

Costs have to remain within certain bounds in the future as well—and without compromising service. The application of lean principles is intended to reduce the cost of individual developments while increasing efficiency. "Product development is a complex process in which up to eleven departments work together. This is often an area with potential for improvement in manufacturing companies," notes Michael Tribus, head of the consumer goods division at Porsche Consulting. The important thing is not to start the development of a concept until all prerequisites, such as the availability of raw materials, have been cleared with the procurement apparatus. "The entire

process flow of a product development must be transparent to all of the departments. The right information has to flow at the right time," says Porsche project manager Thomas Stuchly. Thus a cross-department process was initiated that did a better job of taking predecessor and successor relationships into account. At critical points in the process, milestones were defined for all departments. These milestones must be met before a flavor concept is developed or refined.

Production planning and control were also examined more closely. The challenge: Large orders frequently come in with little notice, meaning production capacity has to be re-planned. A new planning and control concept is designed to bring relief without having to turn down even a single special customer request—customer satisfaction is Zentis' number-one priority. The two pillars of the concept are:

**ANNUAL SALES PLANNING AND ROLLING FORECASTS** The sales department conducts its annual planning in close cooperation with customers. The result is converted into a "rolling" plan and updated monthly. Customer demands are queried monthly and production plans adjusted. The procurement department benefits because it can plan fruit procurement more reliably. And for customers, required production capacity is reserved in good time, guaranteeing an even higher degree of delivery service.

**FROZEN ZONE** A fixed share of production capacity is always booked bindingly three working days in advance. The variable share serves as a buffer for short-notice

orders. This enables even greater planning stability while allowing the company to react flexibly to special requests. The concrete planning of individual orders is done according to a sophisticated system that ensures a stable and optimal production sequence.

Beyond these initiatives, additional potential for improvement was identified in the administrative processes. Dietmar Otte, head of production and technology at Zentis, is extremely pleased with the insights. "The Porsche consultants have a reputation for working in a constructive, pragmatic, and methodically professional manner, precisely identifying problems, and explaining them clearly. That has been our experience as well."

