

INTERVIEW

—Tonie Fuchs, Capespan

Building a global core

CAPE TOWN—Capespan CEO Tonie Fuchs talks to ASIAFRUIT about the group's recent restructure, which focuses on breaking down "regional silos" to create one global solution for customers.

by John Hey

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South African group Capespan already has a sizeable global footprint, with procurement and market operations around the world, but the company is on a drive to better integrate and streamline its units to create one global entity centred on serving its customers.

Speaking exclusively to ASIAFRUIT, Capespan CEO Tonie Fuchs says the company has been restructuring its operations following a strategic review of its customers' needs, its internal processes, and core competencies over the past two years.

"We've basically deep-dived into who we are, what we do, who our customers are, and how they're important to us," explains Fuchs. "At the same time, we've looked at how our business needs to change – from a people, systems and technology perspective – in order to service those customers."

Capespan's core purpose is to create a direct interface between its suppliers and customers, he asserts. "We're a marketer of fresh produce, and our strength lies in our ability to facilitate the closest possible interaction between our grower and market customers – to reduce the number of touch points and costs in the value chain, and ultimately to maximise returns to growers.

"In the past, a lot of exporters and importers have tried to block the increasing proximity of growers and markets because it threatened their existence. Capespan understands this direct interaction is what our customers want and need – it's our job to facilitate it."

Capespan's strategic review underlined the importance of alignment, as the business had become fragmented. "Having looked at our infrastructure around the world, and analysed the processes and sys-



ABOVE—Capespan CEO Tonie Fuchs

BELOW—Capespan has invested some R1bn over the last four years to bolster its production base in South Africa

tems, we realised our business has developed very much in silos spread across the globe," he says. "We didn't have integrated information systems, processes or planning tools. In order to deliver on our promise to our customers, we have had to develop these capabilities."

GLOBAL FOOTPRINT

From a sourcing perspective, South Africa remains the core of Capespan's operations, accounting for around 50 per cent of the company's supply. Indeed, the group, which is 98 per cent owned by agribusiness conglomerate Zeder Investments, has invested some R1bn (US\$70-80m) over the last four years in developing its primary agriculture division in South Africa.

"We realised we needed to have a portion of our own production to make us more relevant," Fuchs explains. "We'd already invested heavily in our table grape production and we've now invested in more than doubling our pomefruit and citrus production, so that volume will come through over the next three or four years."

South America is another key sourcing base for Capespan, anchored by its office in Chile, while it also has substantial procurement programmes in Egypt and India.

Across Northern Hemisphere markets, Europe remains a stronghold for Capespan, with offices in the UK and across Europe in cities such as Rotterdam, Hamburg, Paris, Vienna, Zurich, as well as in Istanbul. Capespan North America is centred on its operations in Philadelphia in the US, and Montreal for Canada, »





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ABOVE—Capespan last year shifted its European fruit storage and distribution hub to the Cool Port logistics facility in Rotterdam

with a small office in Bakersfield, California, to support its growing US export programmes.

Asia is also a very important market for Capespan, where the group has several key partnerships, not least with powerhouse Chinese distributor Joy Wing Mau (JWM). Capespan recently sold its share in the Chinese company for R1.16bn (US\$82-83m), and Fuchs says the bulk of the funds will be re-invested into Capespan's fruit business as part of the drive to focus on service delivery.

The South African group's shareholding in JWM was reduced from 25 per cent to just over 9 per cent in 2015 following the merger between Joyvio and Golden Wing Mau to create JWM, ultimately limiting Capespan's strategic influence.

Fuchs says this factor, combined with the fact Capespan's commercial relationship with JWM had outgrown its investment, prompted the sale of its share. "Our commercial relationship has flourished because we know and trust each other, not because of Capespan's shareholding," he explains. "Joy Wing Mau remains Capespan's commercial partner, despite the sale of our investment."

Capespan and JWM also remain joint shareholders and partners in JWM Asia, the Hong Kong- and Japan-based fruit marketer with a footprint across Asia (outside China). Capespan also has a 25 per cent shareholding in Hong Kong-based distributor and fresh-cut specialist Good View Fruits as well as a strategic alliance with Yupaa Group in India, in which it holds a 35 per cent stake.

"These are difficult but fast-growing markets where we believe it adds value to our grower-customers to have local partners with expertise," says Fuchs.

BREAKING DOWN THE SILOS

Better integrating its collection of global units is the main focus for Capespan moving forward, says Fuchs,

centring on three key areas: business structure, people and culture, and technology.

"We're investing in our people and bringing in people with a new perspective," he says. "It's very much a culture change within the Capespan team.

"In the past, the culture could have been defined as more of a volume culture based on specific regions, but we're now shifting to more of an absolute service mentality focused on select customers.

"Capespan doesn't want to be everything to everyone; we've got to be selective about our market and supplier customers, and link them as closely as possible."

Capespan is revamping its corporate and management structures in order to "collapse silos". It is moving towards developing an integrated team, aligned behind a common objective of service delivery, Fuchs adds.

One of the key changes has been a shift to a global commodity focus rather than a regional focus. Capespan has moved to appoint global commodity heads – Geoff Green overseeing grapes, André de Klerk looking after pomefruit, and, a new person to be appointed to manage citrus following the recent departure of Leon van Biljon.

The new corporate structure is

headed by Fuchs as CEO alongside the global commodity heads and Capespan's functional global heads for human resources, operations and finance. Within each region, there are senior commercial executives and senior support service managers, rather than the previous set up of regional heads.

Capespan has appointed a new commercial manager of sales in South Africa, Hennie Fourie, to drive direct sales, while Stuart Symington has temporarily relocated to the Antwerp office in Rotterdam to manage some of the changes to Capespan's business in Europe.

Technology is the other vital tool in better integrating and streamlining the business. Indeed, Capespan's new chief operating officer, Pieter Siebrits, is looking at the process and systems to achieve this, Fuchs notes.

"Fresh produce is a complex industry," says Fuchs. "We want to automate processes as far as possible, to reduce the complexity in the back end and simplify the front end. Our market customers want reliable access to fruit as long as possible across multiple supply areas – they want a transparent and efficient supply chain with the least possible risk. That's our focus at Capespan – we deliver." ⁴