



TITANS OF INDUSTRY ROUNDTABLE

CHAIRD BY FCSI'S *FOODSERVICE CONSULTANT*, THE LEADERS OF SOME OF THE WORLD'S LARGEST EQUIPMENT MANUFACTURERS DISCUSS THE INDUSTRY'S FUTURE AT HOSTMILANO 2019

TITANS OF INDUSTRY



Looking to the horizon

In October 2019 at HostMilano seven CEOs of some of the world's largest equipment manufacturers shared their views on the challenges and opportunities being faced by the sector as part of our 'Titans of Industry' roundtable, sponsored by Kason Industries, Inc.



Roundtable attendees, from left to right:
Katia da Ros, CEO, Irinox SpA (KR)
Andrea Cocchi, CEO, Ali Group EMEA and APAC (AC)
Stefan Scherlinger, CEO, Meiko Group (SS)
Peter Stadelmann, CEO, Rational AG (PS)
Georg Weber, CEO, MKN GmbH (GW)
Iker Alberdi, CEO, Onnera Group (IA)
David Brewer, COO, The Middleby Corporation (DB)

Foodservice Consultant launched its inaugural Titans of Industry roundtable in 2015, inviting the CEOs of some of the world's largest foodservice and laundry equipment manufacturers to discuss the sector in depth.

That event sparked a fascinating debate, so we revisited it four years on at HostMilano 2019 with a different group of leaders who have between them a vast amount of industry experience.

All of the participants represent businesses that are truly global and growing. Chaired by Michael Jones (MJ), editorial director of *Foodservice Consultant* magazine, attendees discussed the state of the market, opportunities on the horizon, and challenges the sector is working to overcome.

MJ Tell me about your company and the particular challenges you are facing?

KR We specialise in blast chilling and shock freezing. Today, it's a well-known concept but 30 years ago it was completely unknown. I remember when we were first talking to potential customers, they would say: "That's interesting, but we don't need anything like that." So, we essentially created a market that didn't exist before.

Today you can find blast chillers in most restaurants and high-end pastry shops. We have taken this concept all over the world, and are in around 90 countries across every continent. And it's been a great adventure. Very tough, because while it's difficult when you are in a market with a lot of competition, it's also difficult when you have to create a market where there are not only no competitors, but no customers.

The biggest challenge now is to try and understand what else we can do to add value for the customer and keep focused on what is next.

PS Our founder discovered combi steam technology in 1976 and started to

revolutionise that way of cooking. So we also had to create our own market. It's a very similar story.

Nowadays, we are in more than 120 countries and our market share is a little less than half, so every second combi steamer should be a Rational. That's why people call it a Rational even if it's a different brand. We created the product name for that category.

Our biggest challenge these days is finding the right people. And we see younger people working a little bit differently than where we are.

IA What we do across all our brands is offer foodservice, catering, laundry and refrigeration. For us, the biggest challenge is that we are not fully showcasing ourselves to the end-user, the final customer, as we should. We work to make life easier for chefs so they benefit and want to work with us.

GW The biggest challenge for us is development – growing from a national orientated, medium-sized, family-owned company to a global player. We've grown a lot over the past few years. It's a challenge but we enjoy it and it keeps us busy. And, yes, we are very optimistic.

SS Our challenge is to catch up with all the requirements of our customers worldwide. And try to grow in each area of the world. The challenge is not just in the product, but the service. It's understanding foreign cultures. And that is a big challenge, for a small company located in the southwest of Germany.

AC We have several challenges. People, for sure. I also see much more complexity around product certifications in some countries. Rules about customs, new certifications and regional variations all mean there's often not a clear standard. So, there's additional complexity. But the biggest problem is that there are so many changes and they happen so quickly.

DB I think people resource is key. There

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are talented people around the world, but we’re looking for a combination of intelligent, highly ethical people, that understand kitchen flow and can actually operate a restaurant. I’m not as much interested in the food itself as how the food interacts with the packaging and the people, and the flow of the kitchen. And that talent is hard to find.

Then there is regulation from country to country. We operate in 62 different countries and many emerging countries are looking at putting up barriers to trade, which slows up business. It’s hard to stay ahead of that and see that coming.

Overcoming barriers to trade

MJ Staying with those barriers, it strikes me that this is a period in history where there are some seriously large economic political headwinds at play. The world has some very divisive leaders or issues, such as Brexit. How do you make sure that you can keep operating on a global level, without those barriers to trade intruding on your business?

DB It’s easy to become interested in things that you can’t control and talk about things that technically mean nothing, that appear to be big. But you have to believe in the fundamental



concept that transformational technology, designed for the customer, will pierce through all barriers. Whether it’s regulation, Brexit, or the US president vs. the Chinese president.

Great pieces of equipment, great solutions will be pulled through troubled times by the customer. Will be pulled through barriers at the border. Because, at the root, the individual business operator needs that solution to deliver something different to their customers.

So, stay focused on high integrity people and differentiated technology. **PS** I agree. It was always Rational’s approach to create a pull, and not push its products into market. We informed customers about the ease of using a combi steamer and, once they were convinced, they were asking for the product. That’s how we became international.

Our highest goal is to create a customer benefit better than anybody else. And if we succeed in that then we will have more pull than anybody else.

MJ So the solution endures, because customers demand it? Creating a market through having an innovative product must be a huge challenge. How do you maintain that agility?

KR Being specialist is a strategic choice. My father, who founded the company, always wanted to be number one in one category of product. Because this gives you strength. You think about it from the moment you wake up to the moment you go to sleep. You’re very focused and it helps you anticipate market shifts.

You always have to ask, what’s next? What can I really take as a next step and pitch to the customers? Talking to your customers, seeing how they work, will help you come up with solutions to problems they haven’t even thought about. But you have an extra insight and you look at things a bit differently.

MJ You mention really listening to your customers and finding out what their pain points are. There’s a famous quote attributed to Henry Ford that “if I had asked my customers what they wanted, they would have said faster horses”. Is there a danger of listening too much to customers? Should you sometimes just persevere with innovation regardless?

KR As a good leader, you have to listen to your customers, then go the extra mile on your own and make your own decisions. So it’s a mix of the two. Of course, you have to give them what they need, but



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you also have to surprise them.

IA Our approach has always been a bit different. Our aim is to bring all of our projects close to the customer. To listen to them and then give them the solutions they need to grow a little bit. And, of course, to provide a portfolio product with additional choices.

We believe that we can offer the best products for our customers and have shown in the last year that we are capable of growing globally. Our aim is to help our customers provide benefits for their customers. To make their life easier.

Expanding into new territories

MJ How do you look to push markets and open up new territories? How do you find out whether or not there is a market for your product? And how do you expand?

GW We try to make innovative, high-quality products for cooking. And we look for

markets we believe are right for that type of product and can afford it. Because when you invest a lot in the technology, there’s a price for that.

Very often customers come and ask for the product, and then it’s more on us to decide whether we are ready to offer the customers in those countries the full package, which is the precondition for the premium product. Because you need to offer the full package, including service, cooking support, after-sales and everything. Otherwise, you can sell the best product in the world, but if you don’t offer the other features that are relevant, besides the physical products, the customer will not be happy.

For sure we want to be a global player. It’s clear that in certain regions you have to be represented. That’s normal. But it’s a question of which country comes first. As a medium-sized, family-owned company, we’re not a group saying we want to reach the whole world at once. So, it’s one after the other.

We love organic growth as well, and you have to be patient for this development. It’s not a question of one, two or three years. It’s the result of many years work.

MJ How do you adapt to or mitigate against

economic factors in a new territory? **SS** I don’t think the foodservice industry is that sensitive in terms of economical ups and downs. Everybody wants to eat something, everybody wants to drink something, everybody wants to clean dishes. So, it’s more that we have a lack of workforce and, as the wages get higher, we need to address the increase in demand for better solutions.

I think all the companies at the table have long-term solutions. Otherwise we wouldn’t be so successful. Nobody can say they had an idea in the morning and by the evening were successful.

We have a long-term development strategy. We are observing the markets carefully. And we have a lot of other companies all over the world, so are directly connected to many points.

Our present feeling is, keep cool, do your job, be close with the customer. Although don’t always listen too much, because the customer only has a certain scope. In the end, you are the specialist on that topic who can find the solution that really offers additional benefit for the customer.

I agree with Katia. The customer will only buy your product if they feel you have the additional benefits they are looking for that serve their business.

MJ Can you use shifting economic situations to your advantage? Do you invest when the going is good? How do you kind of spread that risk around?

AC I fully agree that there is a long-term trend, especially in the foodservice industry, that doesn’t care much about the nervous leaders that are fighting.

In the short-term, of course, we have to deal with it. But it would be impossible to take decisions purely based on whether they make an agreement or not. So, we have to go our own way and do what we can with something that is out of our control. But I don’t think it’s a big issue in the long-term.

You have to stay agile, so when there are issues you have to react quickly. But again, it’s a combination of long-term

strategy when the sector is slow and a kind of agility.

DB What I love about our industry is that, even if other industries are slowing, there's a continuity in foodservice. For those running a restaurant, when you arrive in the morning, you turn on your cooler. You turn on your fryer. You turn on your grill. You turn on all the equipment. Whether you have business or not, the equipment runs.

As such, after-sales service and support is a differential that is becoming more and more important, as restaurant operators become leaner. Instead of having two Rationals, they have one. And then they count on after-sales service.

So, there is a trend around leaning up the manufacturing process [lean manufacturing] at the restaurant level that, I think, allows for some excitement in our business. A chance to expand, not just through technology, but taking care of the customer after the sale.

MJ When you are expanding into a new territory, do you change the business strategy accordingly to a region? Or is there just one way of working?

KR You can't really go into different countries with the same approach. You always have to adapt if you want to avoid big mistakes.

We went to the American market with an American company, Servolift. This helped us because Servolift had an American way of doing things and an American distribution network.

I think it's very helpful to partner straight away with someone who knows the culture. You can then decide whether to adapt your product or not. But knowing the culture and the way local people do things makes a difference.

So, you must be ambitious, have big goals, but also be very humble. And understand that it's not for you to set a new culture, but instead adapt to the existing culture. My advice is to take the time to understand the market first.

PS For us it's important to understand the food culture. If we are not able to prepare



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a local dish in our combi steamer better than the local chef with his local tools, we shouldn't enter a market.

We also can't use German marketing tools in America, for example. In Germany combi steaming technology is standard. Everybody knows it, everybody wants it, it's just a replacement question. In the US, we need to explain it. Demonstrate it. We need to convince chefs that it will be better for them. They have steamers and they have convection ovens, but they might not understand the combination of it. So, we need to adapt our language to the awareness of the technology in the market.

Investment and acquisition

MJ Do you think there will be more M&A activity, more consolidation in the industry in the next 10 years or so?

GW My feeling is that groups are very

interested in buying more companies. And, from all the groups, I think I see much more money involved.

There are other independent investors who want to buy, and perhaps create groups, so I think we have a trend towards fewer independent companies and this is likely to continue. On the other hand, you have very small entrepreneurs who will try to innovate and invent something special. And that is attractive.

MJ Do you look to acquisition or prefer organic growth?

IA Our focus as a corporation is human interest. In other words, we believe and we work in organic growth. But it's impossible, if you want to be competitive as a mid-size company in a country, to forget entirely about acquisition.

As we see it, there are two reasons to be acquisitive; to gain market share or gain product knowledge. I believe it's difficult, if you want to be a global company, not to be that way.

SS We've mostly grown organically over the last 90 years. Nevertheless, last year we bought a company in Switzerland. We

Participants shared insights gained through decades of experience



did this quite simply because we wanted an outlet, and to gain product knowledge and market share.

In this case, we incorporated their systems in our group of companies, which is specialised in cookware systems. We combined the two to create a new green micro-company. And that is a good example of an acquisition for us.

So, if it is necessary, we will buy a company, but normally we prefer to grow organically, because it is a matter of the spirit of the company. Meiko has a certain set of values. We believe something.

KR In our case, we really want to grow organically. And if we look at acquisition, it has to be vertical acquisition. We really want to be focused. We don't want to



venture into any other technology that is not really about keeping fresh food fresh.

MJ How important is it to retain values and culture when acquiring a company?

DB We are very de-centralised. When I joined the company 13 years ago, we had around 12 brands. Now we're up to 97. We had 45 people in the corporate office, today we have 52. So, we keep our culture at the brink.

We need engineers who love their product. It's all about engineering for us. So we demand organic growth. But we also gain distribution as we acquire. And we drive innovation. A great example is how we've taken our speed cooking TurboChef technology and launched a food processing company. So, we now have TurboChef in a piece of equipment as big as this room, producing meat. Truly revolutionary in the food processing side.

We've also taken the technology from our professional ovens and moved it into our home appliances. So, your home appliance is just as good as the equipment in any high-end restaurant.

MJ Where are the markets you are looking to grow into Andrea?

AC The markets we have always looked to make acquisitions in are Europe and

the US. Small, new companies that have innovative solutions can appear into the market more quickly than in the past, particularly on the distribution side.

Each company has to be allowed to be entrepreneurial and look for its own internal growth. So, we only manage a few things strategically, and know-how is one of those things. But we don't leverage on purchasing, for example, because we prefer to give latitude on decisions to each of the companies. Very simple governance is important. Economy of speed is more important than economy of scale today. So, we focus, make decisions, and move fast.

Lessons learned

MJ How have you learned from bad experiences, perhaps where a move into a particular territory hasn't worked, or you've had to retrench. Do you learn more from success or from failure?

AC I think you learn more from failure, but your enthusiasm to think and take decisions is found in the successes. So, you have to accept failure, otherwise you lose your energy, lose that entrepreneurial approach.

SS I think lessons learned are lessons learned. It doesn't matter whether you learn from success or from a failure. At the end of the day you have to know why something has happened, and then you can decide what to do in the future.

DB Failure is only a negative when we fail twice in the same way. If you leverage failure and you can celebrate it, it changes the corporation. You can learn from success too. A lot of people celebrate success but they don't learn from it.

KR We're more likely to remember the pain of failure. But even success has its share of pain, because it takes managing a lot of forces to achieve great success. But then you forget what you went through to get there, and you just remember the success.

PS I think success has an inherent danger. When you are too successful you become complacent and think, 'Wow, we're doing well'. And you become too relaxed.



“More and more appliances will be able to collect and share information. And this makes a huge difference. It’s not only about your product, but how your product integrates with other products”

So, you have to think about the traps on the other side. You have to think about how you can adapt and change and keep up the level of innovation.

And sometimes failure is not a bad thing, it’s healthy. It grounds you and helps you to think about things and to work hard in the future.

It’s also important to learn quickly from failures. If you feel there is something wrong, then you have to react very fast. So, you need to create a culture where people are able to acknowledge that something is not right, without hiding it, where people are not afraid of communicating it.

Developing technologies

MJ Which recent technologies do you consider to be truly groundbreaking?

IA Innovation in the connectivity of our machines is something we expect to

change our industry. With regard to selling, servicing, using and controlling the product from the customer point of view. It will require us to develop new protocols and understand the needs of the restaurant owner or chain, but I believe it will provide better solutions, not just for the service, but for the user. **KR** Products are the sum of their parts. They say Tesla is not a car, it’s a computer. It’s the same with appliances. More and more appliances will be able to collect and share information. And this makes a huge difference. It’s not only about your product, but how your product integrates with other products. So, it’s a whole ecosystem with much more potential.

I always make a comparison with the iPhone. It’s not simply a phone anymore. I use my iPhone perhaps 10% of the time to make calls. And the rest for music, photos, calculators, whatever. So, multiple functions together. And we have tried to incorporate this trend into our products. Our MultiFresh product is able to chill, hold, rethermalise, pasteurise and cook. A multifunctional product.

The roundtable took place at Fiera Milano during HostMilano 2019

The next trend we have embraced is customisation. With the MultiFresh, the customer will be able to choose exactly what they need, paying simply for the functions they want. So, you have a large variety of options and then you let your customers choose what they really need. **DB** I couldn’t agree more about connectivity. I would add that customers are already expecting it. They want an open kitchen, with a very open protocol.

Anybody can write an app to our system. They can connect the drive-through window to the front door of the oven, and let some young engineer develop an app that connects all that.

System visible light cooking and radio frequency is another technology that’s emerging, moving energy into food and pulling energy out of food, for cooling and holding. There are definitely new energy transfer technologies emerging, so those are sleepers.

PS We see innovations being applied in all different kinds of industries, so we can learn from that. What’s interesting is that we start seeing connections that have been there all the time. It’s not new, but we’ve started to connect the dots. How about letting the blast chiller know that cooking will be finished in three minutes, so the unit can be chilling down, so we have a perfect timing, the quality will be right and energy will not be wasted. The biggest challenge won’t be in hardware but software.

In the future we won’t have a skilled labour force, so we need to put that knowledge about cleaning, storing, about



all these processes, into software, into the appliances. That’s the trend, and this is unchangeable. We just have to wait long enough and it will be in the kitchen. It will be in all our customers’ stores and restaurants and businesses.

AC Automation will be key, because of the lack of personnel. Not only the cost of personnel, but the stability of the personnel and their changing needs. Personnel shortages in the food industry will get worse and worse, I think.

MJ How do you learn from developments applied in other industries?

SS Our industry is a little bit slow. While we have knowledge about dishwashers, we are dependent on big companies such as Siemens to develop technology. So, that means we have to study the market carefully and decide what we can use to improve our business.

We should also be taking care of the environment. Whatever we do, we should really keep in mind whether we are making it more energy efficient, with more efficient use of resources and less polluting. We need more energy efficient machines that are able to connect with renewable energies.

For example, we have a lot of food waste in our business. So, how do you deal with it? It can be thrown away, composted or you can put it in a biogas plant. How we harness energy and reduce waste will be very important in the future.

MJ How much is sustainability and energy efficiency guiding the innovation your companies are investing in?

GW It is, for sure, one of the key targets nowadays. Water consumption, energy consumption, the use of chemicals and all those aspects are very important, and in the future the customers will demand more, and speak more about it.

DB I think sustainability is the number one thing that will drive business going forward. And a big part of that is distribution. There are many cities around the world that are limiting trucks into cities; they are going to single acts of delivery. The trucks have to cross back

outside the city, which changes your waste management system. Regulation around waste disposal is going to shut down restaurants or enable success.

Encouraging diverse talent

MJ Do you think there’s enough diversity in the industry?

KR It takes a lot of ambition and energy to be a CEO, to be at the top of a company. And, as a female, I think it’s very natural to dedicate yourself to family. So, it is a lot of pressure for a woman, to also have to take care of your workforce.

When I started 27 years ago, there were very few women around and we really stood out. Today it has changed slightly, but not much. Research from McKinsey in 2017 found that only 20% of top level employees in our industry were female. Which is not bad, but it means there is a long way to go.

It’s not so different to any other industry but maybe this is where we can do better and bring positive challenge to women in our company.

MJ How are you working to attract talent from younger generations?

DB When I used to talk to universities, teach a class or work with the engineers, it was frustrating, because they all wanted to work for Ferrari, or Chevy, or Porsche or Apple.

But now it is changing. Now when I present I don’t talk about our industry, I talk about our lifestyle. And actually, as an industry, it’s very fun. Because we are much more user-friendly to the new generation. We’re dynamic. An engineer can come in, create change, and it can be in 10,000 restaurants within one year.

And we can attract bigger talent than we did 10 years ago. I personally manage all internships in the company and our turnover has gone way down. 10 years ago, I’d keep them for three or four years, and then they’d move on. Now, we’re a fun industry. We can make a difference.

MJ I think that is a tremendously positive note to end on. Thank you very much for taking the time today to join us. ■



THE SPONSOR’S VIEW

David Ring, VP Sales, Kason Industries

Kason is the largest foodservice hardware manufacturer in North America. We manufacture commercial hardware and accessories for foodservice equipment and provide industry-leading solutions for walk-in and reach-in coolers and freezers.

We are proud to be a family-owned business, as well as an American manufacturer still making products in the USA. Now in our 94th year of business, we have experienced decades of industry changes adapting our business to stay competitive. We share many of the sentiments expressed in the Titans of Industry Roundtable, including the importance of listening to our customers, staying focused on our strengths, and providing the best quality products possible.

As a manufacturer and supplier to many of the companies represented on this panel, we value the ideas presented and took great interest in listening to the various perspectives. One of the key takeaways was the overwhelming sense of positivity toward future growth and determination to continually challenge ourselves and, if we fail, pick ourselves back up to try again. Each company and leader has faced some type of struggle, yet they have gone on to experience great success. Kason is proud to associate with people who understand the importance of hard work and persevering.

Kason currently employs over 300 people – 300 families, as we like to say – and we are committed to succeeding together. Our strong values drive us to always do what it takes to provide products that customers want, need, and rely on for the long term. We are passionate about manufacturing the best hardware and accessories for the foodservice industry and embrace the opportunity to incorporate new technologies, designs and methods that will strengthen the Kason brand.

KASON INDUSTRIES, INC.

A CONSTANT DESIRE FOR QUALITY

The equipment in commercial kitchens is only as good as its individual components, but rarely do we look behind the brand name of a freezer or a heated cabinet to see where those components come from. Jim Banks speaks to David Ring of Kason Industries, Inc. about how his company supports equipment manufacturers with high-quality hardware



A door is only as good as its hinges. A cabinet is only as good as the casters on which it moves. When commercial kitchens install vital equipment, they are buying into the expertise and experience of not only the equipment manufacturer, but also that of the hardware suppliers.

Kason Industries, Inc. is a major supplier of kitchen hardware. Kason sells to original equipment manufacturers (OEMs) that make commercial coolers, freezers, ice makers, cooking and warming equipment, refrigerated and heated cabinets, warewashing machines and much more.

It is a company that is rare in its longevity, and it blends a long history in the industry with a passion for innovation.

“We have been manufacturing products in the USA for 94 years and not just importing parts to assemble and repackage,” says David Ring, Kason’s Vice President of Sales. “Our top priority is providing high-quality, long lasting products that improve the finished goods of our OEM customers, such as walk-in coolers, freezers and reach-in equipment.”

“We are a fourth generation, family-owned and family-oriented company,” he remarks. “We combine craftsmanship with the latest manufacturing equipment to produce our products. Our customers trust us for our long-standing industry presence, our proven manufacturing expertise, and our dedication to innovative solutions that shape industry-wide

expectations.” This foundation of trust encourages the major OEMs to partner with Kason when designing their products that ultimately make them better.

An open mind to innovation

Kason has a history of innovation. It was the first company to fit door release mechanisms on the inside of walk-in freezers, so people could let themselves out if they were accidentally locked in. They were also the first to develop, manufacture and market LED lighting fixtures for walk-in coolers, which improved usability and safety.

Just as safety plays an important role in their product innovations, so does the end-user’s total cost of ownership.

For instance Kason’s development of a cam-rise hinge allows a door to lift when opened and help clear uneven floors. The cam also assists with the door closing after it’s released. This hinge was later improved by including the ability to adjust the door’s alignment after installation as doors sag due to the effects of gravity and heavy use.

A properly sealed door positively impacts everything from food safety, to equipment maintenance and energy savings. It helps keep foods at proper temperatures, reduces wear on the seals and more importantly helps the condenser motor not work overtime because the walk-in can maintain proper temperatures better. All of these aspects are rarely thought of, but can benefit the end-user’s bottom line significantly.

The company’s innovation comes from ideas generated by its skilled in-house engineering team as well as from its close relationships with OEMs, end-users and consultants.

“We listen closely to our customers,” says Ring. “They view us as the hardware experts and our engineers are often utilized as an extension of their team. The combined knowledge and understanding increases our ability to innovate and improve product functionality, extend product life and explore the use of new materials.”

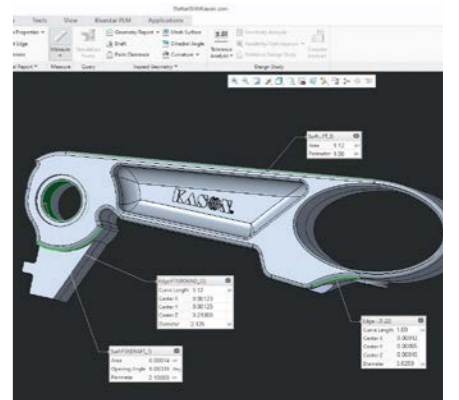
From its manufacturing base in Newnan, Georgia, Kason is focusing on expanding its reach into global markets while maintaining its philosophy of high-quality and constant innovation. That along with its dedicated after-sales service gives it a strong platform from which to maintain its industry leadership for another 94 years. ■

Further information
BetterWithKason.com



Kason invests in the latest manufacturing equipment and technology to ensure its products are exceptional.

Kason is proud of its commitment to manufacturing quality US-made hardware for another 94 years



Kason Works Better

Solid craftsmanship is something you can trust. For the past 94 years, Kason has been dedicated to making products that offer a lifetime of quality. This is why all major kitchen equipment manufacturers specify Kason: to protect their brands and stand the test of time.

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