

*Ireland-based Total Produce took the global produce industry by storm earlier this month with the announcement it had **struck a deal to buy 45% of Dole Food Company** through an arrangement that includes the option to take full ownership in five years. At Fruit Logistica in Berlin, we caught up with Total Produce chief executive Rory Byrne to find out more about what could become the world's largest fruit and vegetable group.*

Let's talk about Dole. This is a big issue for the industry that we've been following since the IPO plans were announced last year, followed by the more recent Greenyard discussions that fell through. It was clear they were shopping around for buyers, but the Total Produce deal came out of nowhere. How long were negotiations in the works?

We've known Dole for a long time. We've had a relationship going back to our previous existence when we were joined with Fyffes. Our former chairman in those days, Neil McCann, had a personal relationship with [Dole owner] David Murdock.

I suppose the process really started in earnest about a year ago when Dole started exploring an IPO. There was some early dialogue with them and it took Dole the last year to come to bring the process to a conclusion.

It's an interesting set-up with a 45% purchase followed by the option to buy a further 6% after two years and another option to take 100% within five years. Why did you take this approach?



Total Produce chief executive Rory Byrne.

On all of our acquisitions we've taken a balanced approach by looking at what it is our partner wants to achieve. We were flexible to ensure we found a solution that worked for David Murdock as much as one that works for us in the long term. I think a well-managed, smooth transition for Dole from its current ownership to us is best for all the stakeholders in Dole and Total Produce.

Ultimately, you don't necessarily need to control 100% of an organization from day one to start planning cooperation.

So you're going for more of a seamless transition than an abrupt takeover?

Exactly. That's been our approach to all of these investments. We forge win-win partnerships. We recognize absolutely that one of the key factors in the fruit business is the people aspect of it. We're very conscious of the need to be inclusive, to bring new people along with us and the Total Produce "project", so that they bring the dedication, commitment and motivation that drives their own business to the wider group.

In the case of Dole we've spent time with the senior management grouping. They have a great reputation in the industry and having gotten to know them we believe this is a really strong management team.

I suppose everyone working at Dole will be looking for stability after so many years of changes. There was the sell-off of the Asian business, and then obviously the privatization followed by talks of new owners again. What's going to be your approach to ensure that sense of stability with a clear message about where Dole is headed?

I think with all of those things you mentioned where you've gone public to private before possibly going public again, followed by a sale process, there's no doubt that this can be disruptive for a management team and indeed people working throughout an organization. But I think there's a tier of operational management there which from what I've seen just get on with their jobs in a good, very professional and serious way.

That said, I think there's no doubt that taking that uncertainty around who the potential owner might be off the table should be a positive for everybody. We're long-term players in this game - we're fruit people at heart, not a private equity company buying with the intention of reselling. This is a strategic move for us.

There's a compelling combination being forged here, aligning the backward integration that Dole offers and the forward integration that is our strength.

We are bringing together global production, an extensive marketplace infrastructure that extends right across Europe and North America alongside some of the best people in the global fresh produce industry and a brand of global renown in Dole.



Photo courtesy of Total Produce.

In pulling those things together we believe we can and build something very special.

When I saw the US\$300 million price tag for 45% I honestly thought Dole would have been worth more. Is that figure a result of Dole's level of debt?

The price is in line with the kind of market price you would expect for a business of this scale, taking into account the level of indebtedness within Dole.

And with regards to global operations, you've made a lot of moves in North America by acquiring the likes of Oppy, Gambles, Eco Farms, Progressive Produce and The Fresh Connection. But Dole is a different level of corporate entity. How are you going to not just combine the Dole and Total Produce cultures but also all these other cultures of other groups you work with, particularly in the Americas?

We have some fantastic established businesses in North America and I think these are actually really exciting times for the Total Produce family including our new friends in Dole. The great thing about North America is that the level of overlap is very low. We have some strong procurement out of Chile already going into North America and Dole also have a strong position there, so we'll have to look at what the optimum position with that is going forward. Of course the Dole brand is a huge strength and asset for the totality of our American business.

With any of these projects that we do it's always the same approach that we adopt. This will

be done with the right team sitting down to examine the commercial merits of how we work together that's in the interests of everybody, especially our customers.

We're very focused on what is the right customer answer in all of this is. That will be our primary concern. We will also try to maximize efficiencies, whether that's on brand or procurement or shipping or growing but I think we've got a magnificent platform upon which to build.

With the Chilean example, where you have Oppy's office and also Dole's office as the country's leading fruit exporter, will these be combined or will you continue to have two separate offices? How is that going to work?

We're not going to go in and make radical changes to things that are already working very well. That will be a process of communication with the relevant people and the relevant management groups, to see what is the right long-term optimum answer here that's good for our growers, good for our people and good for our customers.

And what about branding? You've done so much work on branding in recent years for Total Produce, and Dole is one of the most recognized fruit brands globally - is it going to continue as is side-by-side?

Dole is obviously an iconic brand that's more established than any of the Total Produce brands. We've got some good brands in the Total Produce stable that have worked well for us with particular customers, particular producers.



Photo courtesy of Total Produce.

Again it's the same process - we will evaluate it as we progress with the principle that we have to add something better for customers, our growers and our own production by optimizing utilization of the various brands that we've got in our collective pool.

As another issue going back a few years ago when Chiquita was negotiating a deal with Fyffes, there was a lot of discussion about anti-trust issues with both being large companies. In the Dole announcement it was said the deal's approval was subject to a limited number of jurisdictions, but are there concerns there at all?

No, no concerns. We have to properly go through the process of seeking appropriate anti-competition and anti-trust clearance. We have started that process and will work through it. Actually we've got very little overlap in many of the markets that we operate in - it's one of the major advantages of the deal that the geographies are actually very complementary. We'll work through the legal process in the appropriate way.

If you look at the macro industry, you're looking at a sector that in Europe is €80-90 billion and maybe the same in North America, so the absolute combined value of our turnover is a very small percentage of the total industry both here in Europe and in North America. Geography by geography we really don't have an unduly strong position in any individual market that should give rise to concern.

In the U.S., for example, we don't actually do bananas at the moment, and we've got a relatively low volume of pineapple sales.

With climate change we are seeing more disruptions in the food supply chain from different regions. Does doing something like this ensure more stability of supply for the Total Produce umbrella companies?

Absolutely. I mean there have been a number of individual climatic events over the last 18 months that have adversely affected Chile for example with unusual weather, southern Spain and Italy, and the drought in South Africa and the end of drought in California which may be in drought again. But I think if you go back in time, while the question of climate change is a very serious one and everybody needs to take it very seriously, I don't think we're having any fundamental changes in supply patterns for the marketplace.

Having said that, our objective ultimately is to deliver the best quality products as efficiently as possible to our customer base and I think the combination of two organizations will give us additional tools and flexibility to do that in a new and sometimes better way while bringing further diversification to our portfolio of products.

Is there anything you'd like to add about the Dole tie-up?

From both a Total Produce and a Dole point of view, this is a really exciting moment. It gives us an opportunity to further differentiate ourselves, our products and our services in the eyes of our global customer bases. Certainly from the feedback I have received from our own people and the Dole people, I believe everybody is energized and committed to achieving something very interesting here and looking to the future with confidence.

To finish up on a separate note, would you be able to briefly discuss the strengthening of the euro and the impact on returns for those who are exporting to the U.K.?

You've found a fair bit of volatility in exchange rates over the last while, whether it's euro-dollar, sterling-euro, even some of the other currencies on the world stage. I think ultimately if you have a sustained change in the exchange rate between the euro and the sterling, and the British consumer is sourcing products produced with the euro currency, ultimately the price has to reflect that or else the producers can't continue to produce for that market.

I think British consumers know that and they're aware of that, and prices have gradually changed to reflect the change in the exchange rate.

With regards to the dollar-euro, I've been doing this for a long time. We've had these cycles where you have a strong euro or a strong dollar; they're features of the business. Ultimately, we've just got to deal with it in terms of maximizing efficiency of our supply chain and our cost chain.

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