

We recently caught up for a chat with Alk Brand, CEO of multinational avocado company Westfalia Fruit Group, one of the world's largest integrated produce organizations. He told us about how they've been handling the multiple challenges stemming from the Covid-19 pandemic, expectations from key supply regions over the coming months, and what they have in store for the future.

FFP: What are the main challenges you are seeing related to the Covid-19 pandemic and how are you dealing with them?

AB: We can't recall any prior set of circumstances that have delivered such a profound set of challenges. These challenges occurred in both the supply chain and also in the demand equation for our product.

Most common problems in the supply chain have been:

- Shortage of labor and staggered schedules both at fields and packhouses to maintain the necessary distance between workers
- Shortage of reefer containers and port congestion
- Increased costs of logistics and cleaning equipment and protocols
- Unpredictable buying patterns (normal planning based on prior years' patterns could not be followed)
- Pricing volatility

To overcome these wide-ranging challenges, we had to draw down on our Crisis Management Plan and through the implementation of this plan, we organized and managed our response to the major incident.

Firstly, we acted to protect our employees through the introduction of working from home, through social distancing and the introduction of safe working practices in operations where working at home was not feasible.

This was the first and foremost responsibility of our Crisis Management Committee - a cross-functional team - that centralized its advice and decision making into each one of the crisis management teams that had been set up throughout each of our business operations.

Secondly, our team set about to stabilize our supply chain. The integrated nature of our business allowed for us to manage this effectively and decisively. In conjunction with this

task, we had our Category Management teams stay incredibly close to our customers, in order that we fully met the changing nature of their requirements. This was absolutely crucial in our being able to satisfy our consumer needs, our customers' volumes and our global supply chain efficiently.

Additionally, we stress-tested our abilities to operate within an increased level of deteriorating circumstances (financial and operational) and our team built contingency plans through which they could successfully "pull through" upon the use of them.

Finally, we communicated and demonstrated our purpose - to do good by helping to feed our respective nations - to all of our stakeholders. These communications have been instrumental in maintaining our individual and company morale at a very high level. Our effective communications policy has successfully fostered a tremendous team commitment throughout our entire organization.

Through all of the above, we have together performed well in this crisis.

FFP: How has the pandemic been impacting avocado sales? And have you been able to transfer previous foodservice sales to retail channels?

AB: Avocado sales have been healthy - for the most part, yes, but in some instances no - the greenskins market has experienced a temporary dip.



FFP: What are your expectations in terms of supplies for the 2020 South African avocado season?

AB: The South African industry is up on last year's crop in terms of volume. 2020 is an 'on' year for South Africa, and there is a component of young plantings that have come into production. South Africa had a dry period in Spring, which was a concern at the time, but good summer rains came at the right time to ensure a good crop.

FFP: What about the supply outlook for your other key production regions over the next few months?

AB: Like South Africa, Peru and California have 'on' years, supply is significantly up for both those regions over the next few months. Mexico's supply is also still healthy - expecting a longer season. Given Mexico and California's status, we expect Peru's opportunity in the USA will be significantly less and later than last year, forcing Peru to look for Alternative markets including sending much more to the EU, its main outlet.

FFP: To what extent has Westfalia been growing over the last couple of years? What are your future expansion plans?

AB: Westfalia Fruit has achieved global growth quite rapidly, with the acquisition of Agricom in Chile as one example. We will continue to grow our global presence through strategic initiatives which may take several forms. The current economic situation is clearly a concern that needs to be continually evaluated but Westfalia Fruit and its shareholders remain positive about the industry and will continue to invest in the industry.

FFP: What other developments and changes are due to take place at Westfalia?

AB: On operational, regional and global levels Westfalia Fruit will continue to be a responsible citizen and will remain focused on adding long-term value in the industry through world-class research programs aimed at developing new varieties, helping our farmers to farm in a more sustainable manner and being sensitive to our environment.

We will also continue to invest in the wellbeing of our staff and the communities in which we operate through well planned and executed CSI projects.

Westfalia takes the safety of our staff, customers and consumers very seriously and therefore our Occupational Health and Safety initiatives and Food Safety programs will continue to receive the highest levels of focus.