

Case 2: The Company Lassie; importing rice

The company Lassie is creative with the scarcity of rice available on the market. In order to ward off the shortage of rice on the world market, Lassie the market leader in the Netherlands, imports more rice from Spain.

Stretching along the gently flowing river "Zaan", is the monumental factory of Lassie located. Lassie started in 1890 in a place called Wormer. "Of course the needed expansions have taken place" says Marjon Kersten, "but it remains a special place." Kersten (44) was director of production of rice producer Lassie, part of Carbonell Netherlands, owned by Spain's Gruppo Sos, which Lassie bought two years ago from Sara Lee.

Except for the Dutch factory in Wormer, Kersten is responsible for four other rice mills in Spain and Portugal. "A few times a month I visit the offices in Oporto, Seville and Valencia, she explains. The Wormer plant processes annually some 14,000 tonnes of rice. Most rice is transported across the water from Suriname, French Guyana, Thailand, and partly by train from Italy.

The import is dependent on the harvest, quality and price. "We have our regular suppliers, but each year we look from where we import the rice," says Kersten. "Because right now there is a temporary shortage, we import more rice from Spain."

The Lassie director does not want to speak of a food crisis. "That's a too big a word. The fact is that the demand for rice is growing and some countries such as Thailand, Vietnam and Egypt, limit their exports to secure its rice stocks.

In addition, the supply was previous year reduced caused by poor harvests and because more and more land is withdrawn for industrialization. The price of rice has tripled in one year. And because the weather conditions this spring is also disappointing, a further price rise cannot be excluded. "The world food organization, FAO expects that this year 666 million tons of rice will be produced.

Estimates of the Association of Rijstpellers Netherlands (VRN) are different. According to the VRN, the rice production in the 2007-2008 season was approximately 421 million tons. Because the total rice consumption is estimated to exceed 425 million tons, a shortfall in supply will remain.

"More rice needs to be grown," Kersten concludes bluntly. "Currently around 5 percent more rice needs to be grown to meet the demand. Because you want to continue delivering to your customers higher price is inevitable. Until December we have enough rice. In September the new harvest begins. "The transport of rice from Spain is expensive and results in a higher price as well.

The Spanish rice is dried in the factory, which stands in the middle of rice fields. From there, the rice is transported on trucks in big bags to the Netherlands. This mode of transportation is according Kersten considerably more expensive than bulk. "There is no demand for return freight for bulk to Spain. Hence, we use relatively expensive transportation.

Until recently, we very primitively unloaded bulk carriers in Wormer. Unloading containers was not possible at all. But now the installation for fast unloading of containers from trucks and barges is operational. "Also the transport by train from the Po valley in northern Italy is relatively expensive. The

rice needs to be transported in tanks (like little silos) on a chassis, because this is the only way the grains can be unloaded in Wormer.

In Antwerp, Belgium, the tanks are placed on trucks. "It took until now about two hours to unload a chassis," says Kersten, "with the new dump pit we now discharge 20 tons in about 20 minutes." The bulk of the Lassie rice imports arrive by boat from other continents.

The Rotterdam firm Schutter loads the containers on barges which are later mooring at the Veerkade quay in Wormer. Schutter takes samples and carries out quality checks of the rice. Kersten: "The rice needs to be free dry and from insecticides before it is processed here." Weekly about seven trucks and one inland waterway barge unload their cargo at Lassie. The rice is transported into the factory with a pneumatic vacuwater, where the rice is cut, steamed, processed and packaged. "We have outsourced all transportation," says Kersten. "When we were still part of Sara Lee, we made for distribution to our customers use of our own transport from Douwe Egberts.

After the sale in 2006 to the group Gruppo Sos we quickly had to set up the entire logistics. I soon found out that it is more attractive to outsource this. Retailers have increasingly smaller stocks and there must be delivered every day. Delivery reliability is terribly important for an A-brand. "Lassie contracted the logistics process out to Becker Logistics in Zeewolde.

The factory in Wormer has a small warehouse with up to 24 hours in stock. The (only) fixed carrier of Lassie, Willem Bouwman who also rendered trucking services for Douwe Egberts, transports rice products to Zeewolde. The retail orders received in Wormer are passed on to Zeewolde. The logistics service provider ensures that the orders are distributed to the various distribution centers of the retailers.

Lassie receives confirmation of the completed orders. The entire process from container to distribution centre can be monitored through SAP. At all times it can be tracked and traced which pallet was delivered to which customer. Kersten: "Our delivery reliability is 99.9 percent.

Our customers are satisfied. And the consumer always has rice. In the Spanish factories they are working hard to raise the delivery reliability. "The percentage was 90 percent. This is unthinkable in the Netherlands. It means that something is wrong with one out of ten orders. Now we're at 95 percent. "The Southern European business culture, according to Kersten, differs from the Dutch." A credit period of one month is not unusual there. Here we are talking about one week. "Lassie is currently researching potential export opportunities. The hinterland could be larger than only the Netherlands.

Because it goes well with Lassie and they are the market leader in the Netherlands. "We are studying it," said Kersten, who did not want to mention revenue figures. Rice consumption is growing and an opportunity exists, provided that the rice production follows the demand. Dutch eat nearly two pounds of rice per year, Asians 150 pounds.

In the fifties Lassie broke through in the Dutch market with the Magic Rice, pre-steamed rice that had to cook for half the time as normal rice and could not fail. More than half a century later, 27 different rice products are in the shops.

Kersten points to the display cabinet in her office. Brown rice, yellow rice, risotto rice, nuts, rice, Mediterranean rice, fried rice, paella, basmati rice, pandan rice, barley quickly. The cupboard is full. But, she says, especially "one-minute" and wok rice has success this time. "In Spain or Italy it does not fit into the food culture to cook rice in one minute in a microwave. Or ready-made rice straight from the pack in the wok with stir fry. In the Netherlands it does.

We do not keep endlessly in the kitchen, but the food must be good, responsible and healthy. On the other hand, we see the trend of slow cooking. In the free time, to relax, people take sometimes more time for extensive cooking. We address this market need with our special rice, the correct rice for the correct dish.

"Lassie is with its 45 employees under Carbonell Netherlands, the largest producer of olive oil and is a wholly owned subsidiary of Gruppo Sos food business (2,500 employees). The two Spanish brothers, Jaime and Jesus Salazar, who eighteen years ago started the company, are now major players in Europe and South America in the field of rice, olive oil, biscuits and other sweets. "The competition between the various rice mills boosts innovation," Kersten says. "When we were under Sara Lee, we were the only and best. We are still the best in the Netherlands. Now we need to cross the border.

Reference: NIEUWSBLAD TRANSPORT 23 JULI 2008