



UNIQUE DAIRY PRODUCTS LTD

KEEPING THEIR COOL



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Unique Dairy Products Ltd (UDP) is an award-winning manufacturer and supplier of hard and soft ice cream, frozen novelties, frozen yogurt and related ice cream products: its newly found independence following a recent MBO will enable it better to reach its target market

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It was in 1986 that Stephan Roux, an experienced restaurant manager before becoming a serial entrepreneur, decided to go into the business of making ice cream.

In fact within the space of five years he had founded two companies - the first was Cream Star based at Ga-Rankuwa to the west of Pretoria, the second Avondale with its HQ and manufacturing facility at Silverton on the east side of the city.

Why two companies? Well Cream Star was a low-cost high-volume brand geared towards the 'informal' market. At one time it was selling 40 million ice cream sticks a year,

most of them distributed by 'hawkers' who would stock up in the morning at the factory, pack the product in dry ice and take it out to the townships surrounding Pretoria. That's a very vibrant and important retail stream in South Africa. Avondale on

the other hand is a brand geared towards the high end of the market, contracting with well-known brands as well as selling its own luxury products.

In 2004 the two companies merged and as Milkworx floated on the Johannesburg's AltX stock exchange market. The two companies continued to operate independently however, and Avondale picked up some important partnerships contracting with Unilever's Ola brand, and Milky Lane among others. In 2009 Milkworx changed its name to Unique Dairy Products and became a part of the South African food and agricultural products group Ububele Holdings, growing the business

successfully right through to December 2012 when Stephan Roux and General Manager Stefan van der Berg took control of the company in a R25.6 million management buy-out that nevertheless retained an unchanged operations and management team.

"Those early contracts drove us towards putting in place the best food industry standards, something you need if you want to work with blue chip companies," says van der Berg. "In those days HACCP was a very new concept. Not many people were even aware of it or had fully woken up to food safety."

Today of course these standards are a given.

And when Avondale started working with McDonalds in 2000, it already had a well established food safety system, which has been continuously upgraded.

Avondale has been supplying McDonalds' outlets in South Africa with

their ice creams (the well known McFlurry), milk shakes and other milk products for ten years. McDonalds is UDP's biggest customer, accounting to something like 40 percent of its turnover. Pretoria is an excellent hub for distribution to the most populous areas but since the product has to be fresh, never reconstituted or frozen, the coastal areas of the Cape Province are contracted out to a satellite facility in the Western Cape. In this way the end product is guaranteed to be consistent wherever it is purchased.

The relationship with McDonalds and other major names has been a constant benefit to the business, says van der Berg. The facilities

1986

Foundation year of
Unique Dairies Ltd





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are subject to a thorough annual audit to make sure they are keeping up the high standards expected. Separate checks are made on social accountability, environment and people management. “Global players have to protect their brand, and we understand that, but we really welcome these checks,” he says. “We use them as a catalyst to improve, to assess where we are today and where we want to be five years from now. Ten years ago we were good, and perhaps we were satisfied – today we are much better and we are not satisfied!”

The biggest change in that period was the amalgamation of the production facilities in 2009 onto a single site. It was a gradual process. First the original Cream Star facility moved to the new address in Hermanstad, then when the company was acquired by

Ububele, the Avondale factory moved to the same location. “It made sense because it cut down on overheads but there were other advantages too. The move was a fantastic opportunity to initiate a big drive on all our systems – the food health and safety systems and also all our business process systems.” As an example, the ammonia cooling plant was brought up to standard, along with the key refrigeration and boiler units.

Any milk processing facility needs to have impeccable temperature control, let alone an ice cream factory in the torrid climate of Gauteng. This year targeted investment on the production floor will see ageing equipment replaced and nine in-line freezers replaced with three more modern ones that will produce hard ice cream much more quickly. Following the MBO the priority will continue to be the product, as opposed

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Workers in the factory

“WE ARE LOOKING TO EXPANDING OUR NETWORK SO THAT IT WILL REACH SMALLER CUSTOMERS WE CAN’T NOW SERVE”

to expansion, he promises. “We want to make sure we do things faster, better, and produce a higher quality of product. We will continue to invest in our facility, not forgetting our formulations, to make sure we are supplying our market with just the product they want.”

It is necessary to understand where the product stands in the market, he

continues. Ice cream is not a static product – technology advances, with improved stabilisers and flavourings available. The three strands to UDP’s business consist of the contract product, produced to a customer’s specification, the luxury branded products of Avondale and the high volume product. Each of these, but especially the last two, he says, demands an equal level of

research to keep it ahead of the competition, and meet price constraints without compromising taste or texture.

Though UDP has never wanted to get into the retail business it does have a couple of directly owned shops, one in Nelspruit and one in Silverton. These he would like to see grow to perhaps ten. Going forward, says van der Berg, the policy will be to guard UDP’s niche position in the mid market by appointing agents in areas not too far from Hermanstad such as Nelspruit, Polokwane, Bloemfontein and Rustenburg. “We are looking to expanding our network so that it will reach smaller customers we can’t now serve. We have the big trucks so we can supply the agent. We will support him, and he will do the marketing

because he knows his area better than we do.”

In each of its three channels UDP faces different competitors, and keeping ahead of them is a challenge. However as an independent company it will be easier to stay ahead, he sums up. Decision making will be faster, and group concerns with upstream agricultural supplies will no longer be around to dilute the understanding that Stephan and Stefan both bring to the business of making and selling the best dairy products in South Africa. **BE**

For more information about Unique Dairy Products Ltd visit: www.uniquedairy.co.za



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