

Creating sustainable value

# Becoming long-term partners



Massimo Garavaglia, President Western Europe and member of the Executive Committee of Barry Callebaut

*"We share the same values and principles as our partners. This is an important starting point when charting a long journey together."*

by Raphael Wermuth

*Reflections with Massimo Garavaglia on Barry Callebaut's long-term partnership and outsourcing model.*

**Mr. Garavaglia, you were involved in most of the major long-term partnership agreements Barry Callebaut closed in the recent past. What are the main reasons why food manufacturers enter a long-term partnership with Barry Callebaut?**

We are able to offer our customers an attractive package, starting with ensuring the availability of cocoa up to the timely delivery of their chocolate needs in the required high quality at the specified location. Our long-term partners also appreciate having access to our pipeline of innovations and many of them can concentrate more on their branding and marketing activities thanks to the partnership with Barry Callebaut.

**What are the main obstacles that must be overcome when negotiating with a customer interested in doing longer-term business with Barry Callebaut?**

A commitment to a long-term business relationship is never a "quick win." It takes months, sometimes even years, of negotiations. When you put part of your production process in somebody else's hands, a high degree of mutual trust is needed.

**How do you convince a customer to become a long-term business partner of Barry Callebaut?**

I think the most convincing argument is the way Barry Callebaut does its business: We share the same values and principles as our partners. This is an important starting point when charting a long journey together. Moreover, Barry Callebaut's well-balanced geographical footprint combined with its strong presence in emerging markets is a compelling argument: Where-

ever they need our support, we are very close to them. In addition, with our sustainability programs we offer our business partners an important element for meeting the expectations of their clients and end-consumers. Last but not least, we guarantee food safety and meet highest production standards.

**What makes the business model for Barry Callebaut attractive?**

Barry Callebaut is fully dedicated to cocoa and chocolate. As a specialist, we can achieve important economies of scale, both in terms of production costs as well as in R&D. For us, this is an important element in maintaining our leadership position. As cost leader, we are able to offer our products to our customers at competitive price levels. As innovation leader, we can provide them with the chocolate of tomorrow already today. •

On September 9, 2010, Barry Callebaut became the key global cocoa and industrial chocolate supplier of Kraft Foods Inc., the world's second largest food company, under a long-term global master product agreement.

**What was Kraft's main motivation for entering this long-term partnership with Barry Callebaut?**

*"This is a good example of how strategic relationships with key suppliers drive incremental value. This agreement leverages our scale and lowers costs while maintaining high levels of product quality."*

**Kraft Foods Inc.**