

Kennedy's Confection

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Palsgaard[®]
 Heart working people

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COVER STORY: PALSGAARD

By Angus Kennedy

Leading with the heart



Angus Kennedy visits Danish Palsgaard, the world-renowned emulsifier company with a strong emphasis on responsibility – for the environment, technical competence and the wellbeing of its employees.

“Palsgaard has a unique warm hearted culture which originates from our founders. This spirit is the way we work today with all our business relations - hard and with our hearts in the right place.”

This is how Jakob Thoisen, sales and marketing director at Palsgaard, explains the philosophy of the company when he greets Kennedy's at the Palsgaard manor in the south east of the Jutland peninsula. He explains how Einar Viggo Schou, who established the Palsgaard

factory, could express his fundamental values in just three words – loyalty, diligence and persistence. “These values still form the core of our company; we just express them slightly different as loyalty, responsibility and commitment.”

When Schou took over the estate in 1908, he laid the cornerstone for Palsgaard, which became the first company in the world to specialise in the manufacture and development of emulsifiers for the food industry. The Palsgaard factory and headquarters are today situated on the estate, with further manufacturing plants in Mexico, China and the Netherlands and test centres in Denmark, Singapore, China and Mexico. Plans are now in place to build a new plant in Malaysia, which will become Palsgaard's 12th operation abroad.

The long-term view

The company specializes in the manufacture and supply of emulsifiers and stabilizer blends for the bakery, confectionery, dairy, ice cream, margarine, and fine food industries and uses its historic knowledge to work intensively with its customers on product developments. In 1957, the ownership of the Palsgaard companies was restructured from

private limited companies to foundation ownership. Instead of a focus on fast returns, the Schou Foundation concentrates on the long-term view - helping advance its customers' businesses through research and development while considering the wellbeing of its staff and the environment.

Palsgaard has a strong commitment to Corporate Social Responsibility. It just released its first CSR report pledging their commitment to be CO₂ neutral by 2020. However, as Jakob Thoisen



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says: "We have been working on this area of social responsibility many years before the term CSR was even coined. Palsgaard has contributed to the community by donating the church in Juelsminde, opening the manor library and park to the public and a huge number of other projects for many years. We are social and caring people and our report is a written statement of many things we have done and shows our commitment to be accountable."

"Our key goal in the report of becoming CO₂ neutral by 2020 is a very ambitious goal indeed," adds Thøisen. "The report outlines our strategy to our staff and customers. Having a policy of CSR qualifies us to get business. We are members of the RSPO, Green Palm and Sedex and have just become a member of UN Global Compact. Top companies, leaders in the field need this to be in the bigger picture of the future of manufacturing. It makes things easier for us too. CSR for us is not fashion. It's a continuation, it's been our history."

**A question of responsibility**

This CSR report represents the wider company philosophy of environmental responsibilities and is only the latest in a long line of sustainable and environmental efforts. Even in a country with a vast number of wind farms relative to its size and a significantly wider appreciation for green energy, Palsgaard won the Danish environmental award, "Wise m2" for its CO₂ reductions in 2009. Spokesman Arne Wendelbo from the organiser Realkredit Danmark explained that Palsgaard was presented with the award in recognition of the company's high focus on optimising its energy consumption and its basic philosophy to incorporate energy savings and CO₂ reductions into new developments of both its production plants and administration facilities.

To achieve this, Palsgaard built the largest privately owned straw-fired burner in Denmark in 2005, thereby replacing heavy fuel oil as the heat source for the entire company with 80 per cent of the straw sourced from the company's own agricultural land. In 2009 Palsgaard converted from heavy fuel to natural gas as the main energy source for its production facilities.

Jakob Thøisen explains: "The Schou foundation makes investments in varied sectors including wind farming, real estate, forestry, research, farming and the local community and its wellbeing.

USP - Consistent service

Thøisen believes that there are strong reasons for Palsgaard's recognition in the industry. He says: "We, as a company, are at the forefront of research. Our PGPRs are crystal clear, odourless and consistent from batch to batch. We are known for being the market leader in PGPRs already. Our service is our unique selling point. Due to our size we are very quick in coming up with solutions and we are in leading positions in sponge cake emulsifiers and low fat emulsifiers. Overall we are definitely ahead with our ammonium phosphatide and sponge cake emulsifiers, these are outstanding."

In terms of health trends, low fat chocolate is a large growth area. "We have some very good solutions and can get down to 22% fat in chocolate with our emulsifiers. It doesn't cost more to do that and it is what the market demands."



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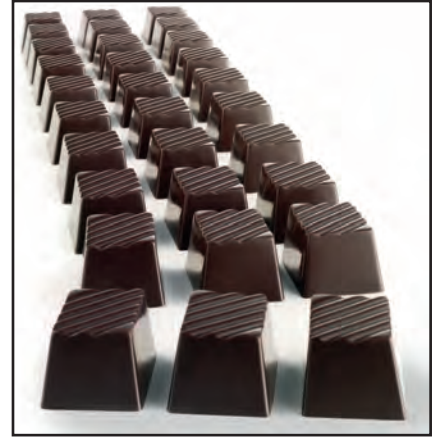


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It's a really exciting company to be in. Our founders wanted Palsgaard to be a good place to work and we are committed to that pledge. This means that people care about one another, supporting and helping. We make surveys every two years for our staff and we work goal oriented with issues where the analysis shows that we can improve. Since 1941, to give each employee financial security after the end of their working life at

Palsgaard, the company has offered all employees in Denmark the opportunity to participate in a unique pensions saving and profit-sharing scheme, which has been recognised as one of the best in Denmark. Palsgaard also has a remarkably low employee turnover rate with more than 244 people having received the Palsgaard medal for 25 years of service."

Palsgaard aims to still channel what the founders wanted for the company



and the formula is obviously working as the company has been growing on average 12 per cent a year since 1997. Thøisen explains: "The money we earn is reinvested and we are different from a shareholding company. In the last 10 years, a lot of money has been invested in our factories in Denmark and Holland. It has always been the case that we can't use money unless it's earned."

Strict quality compliance

The environmental concerns of the corporation, however, do not mean any less commitment to other quality considerations and the company produces all of its emulsifiers in strict compliance with procedures implicit in the HACCP principles and the ISO 9001 system. In May this year, Palsgaard achieved ISO 22000 and FSSC 22000 certification on top of the stringent quality demands of ISO9001, which the company has had since 1996.

Its PGPR factory in Holland is both ISO 22000 and BRC certified, whereas Palsgaard Mexico is expecting to become certified in October.

Palsgaard also continually invests in the development of its ingredients to ensure it is able to offer ingredients with added value, which is why 1 in 7 of its employees is engaged in research.

"We were named Supplier of the year by Grupo Bimbo, the largest industrial bakery company in the world, in 2010. Plus we won another prize called the Safe Company as a result of our life quality programme for our staff in Mexico – an award which will be presented by the Mexican president" says Thøisen. He concludes: "The company phrase 'Heart Working People' is a way of capturing our philosophy. Our founders were generous people and it lives on - we do things from the heart. The phrase symbolises the way we express who we are - we work hard and from the heart."

