

CORONAVIRUS PANDEMIC PUTS US TO THE TEST

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Dr. Antje Eckel

CEO

Dr. Eckel Animal Nutrition GmbH & Co. KG:

“There is some good in everything. This pandemic puts us all to the test. It demonstrates very plainly how crucial agility is for companies. It demands quick reactions from us and drives innovations with incredible speed.

Interview / Cemalettin Kanaş

The current ban on antibiotic growth promoters in Europe is based on the European Commission’s decision in 2006. It is known that this rule has spread to regions outside the EU since then, together with the increasing consumer awareness. However, there is a German company that set off with this sensitivity in 1994 much earlier than this ban and has been on the same path since then: Dr. Eckel. Foreseeing that there is no future in antibiotics while still in her undergraduate years, **Dr. Antje Eckel**, together with his spouse Bernhard Eckel, has decided to serve an alternative market to antibiotics. The company, which started set off as a distributor and started production in 2003, has reached an annual turnover of approximately 20 million Euros by selling more than 30 products across more than 40 countries. However, they have never neglected to carry out their own research even when they were serving as a distributor. We had a talk with Ms. Eckel about her company’s past, present, and goals. In addition, we have touched upon the golden principles yielded by the 25-year business life. In this interview, which I have been planning to make for a long time, we had the opportunity to talk with Dr. Eckel about the animal welfare concept, university-industry cooperation, the importance of the budget allocated for innovation, and of course, the coronavirus, which alone dominates the global agenda.

Below are the questions we asked to Dr. Antje Eckel and the answers we received:

You founded Dr. Eckel in 1994 in Germany and now you have employees from 20 countries and your company is exporting its products to many countries. How did all this happen? Can you tell us a bit about your establishment and success story?

When I started my own company in 1994, it was mostly in reaction to the then still widely-used antibiotic growth promoters. Bernhard and I met as students at the Technical University of Munich where we both studied agricultural science. It was already during that time that we realized that there was no future in antibiotics. By then, only a few people in the feed industry had ever heard of this idea and even fewer believed it to be at all possible. But I believed that there had to be another way, and so did Bernhard. I was sure that there had to be a market for alternatives to antibiotic growth promoters and I decided that I was going to serve this market.

At first, my company was a one-woman show. But very soon I realized that I needed help. Thus I convinced my husband to quit his well-paid job as animal nutritionist and join me at Dr. Eckel's – for basically half the pay, double the work and all the risk for a family with two little children. I still marvel at his acceptance of this offer. But he did and became the first employee in the company as well as my most important partner in this business to this day. After that, the company slowly and gradually began to grow.

ASIA IS MORE OPEN TO INNOVATION THAN EUROPEAN PLAYERS

At first, we started off as a distributor. However, we always had our own ideas of new products and did our own research from early on. Consequently, we introduced our own products in 2003. By then, we had just moved into our brand-new office building—the same site where Dr. Eckel's German headquarters still is. For future growth, there were two paths ahead: Going abroad to sell our products. And establishing our own production. We decided on taking both.



In 2007, we made the first steps into the Asian market. We soon discovered that customers in Asia were more open to innovation than many European players. Today, Asia is our most important market outside Europe. And in 2009 we started production at our own site in Niederzissen, Germany. Until today, all our own products are made in Germany. Nowadays we sell more than 30 products in over 40 countries and achieve an annual turnover of around 20 Million Euro.

One main key factor for our ongoing success during the last 25 years is, I would say, our determination to stay ahead of the market. This is what we did in 1994. We did it again about ten years ago when we started to promote the topic of animal welfare more widely—we won the first prize for animal welfare in feeding as early as 2012. And we continue to do so today with solutions that combine animal well-being with sustainability and profitability.

WE LEARNT TO NEVER BE SURE OF OUR SUCCESS

I remember publishing Dr. Eckel's 25th anniversary news last year. Can you tell us a couple of your decisions that made you most proud during this long period? What is the secret of sustaining a long-running business?

In general, we try not to look back too much, we always prefer to look ahead and tackle the future. But when you run a business for 25 years, there are of course a number of lessons that you learn along the way and you are wise to take them to heart. Probably the most important for us is "Never be too sure of your success, or you risk overlooking lurking dangers". We learned this lesson the hard way about fifteen years ago. At that time we had a product in our portfolio for which we had achieved a market share of more than 60 per cent. The supplier for whom we sold this product was very satisfied with our work and so were we. Until the day our supplier's company was sold and the new owner decided to exclude the distributor (that is, us) from the deal and rather do the business on his own. Within a few days, we lost more than a third of our business. A catastrophe at that time! And yet this experience taught us three important things: 1. Success is fragile. 2. You must always have more than one option. 3. Focus on your strengths.

Right now, businesses all over the world are under a great challenge. Such lessons help us to get through times like these because they allow us to identify new opportunities and to reach out for them.



Feed additives play a significant role about environment and animal welfare. Could you tell us a bit about your products under the umbrella of these two broad topics? Besides, we know that you have started off without antibiotic growth promoters. Could you also evaluate the pros and cons of the ban on antibiotic growth promoters that was imposed by the Commission in 2006?

The ban on AGPs in the EU in 2006 certainly accelerated the trend that we had been working on since 1994: the use of alternatives to antibiotics in feed. Today, antibiotic growth promoters have already been banned in several regions of the world, and strategies for antibiotic-free production are being increasingly implemented. The industrial standard changed, not only because of new regulations, but also because customers no longer accept the risk of antibiotic resistances. They want their food to be safe and healthy. Yet, at the same time, it has to be affordable as well.



We are faced with the enormous challenge of ensuring that we will have enough food for the world's future population, and that the food is healthy, nutritious and produced in a manner that is sustainable for humans, animals and the environment. Well-being of animals is the key to successful future animal production. And it starts with feed. This is where our products come in: solutions that aim to reconcile profitability, sustainability and animal welfare. How do they do that? I give you two examples. First with chicken. Keeping poultry litter dry is of critical importance to poultry farmers since it has so many impacts. Our product Anta®Phyt acts on the digestive system, increasing the dry matter content in litter. This means cleaner animals, less footpad lesions and better hygiene, management and air quality. A clear win-win for animals and farmers... Second, take the case of dairy cows. Here, the same additive reduces the somatic cell count in milk. A recent study from a renowned European academic institution showed a dramatically reduced somatic cell count in milk, an important quality indicator. This reduction in somatic cells is clear proof that the animals' health status has been improved. Obviously, this increases the price the farmer gets for the milk, reduces veterinary and medication costs, improves dairy cows' health and provides consumers with a healthier, better product.

In many countries, university-industry cooperation is a popular topic to talk about. How is your interaction with universities and research institutes? Does the government also play a catalytic

role in this relationship?

We are grateful for the good and long-established relationship we have with many universities and research institutes all over the world. We rely on their expertise and experimental facilities as well as on the exchange of knowledge and ideas. To support this exchange, we often have interns and students who come to us through international study programs or exchange organizations. Our government also supports innovation and research and we received regional, national and EU funding for our innovative research projects several times. Our research work has been repeatedly awarded, only last months we received the "Innovative through Research" seal by the "Stifterverband", one of the largest private promoters of science for the fourth time.



WE ALLOCATED RESOURCES TO R&D EVEN WHEN WE WERE A DISTRIBUTOR

You say that you are investing more than 10% of your revenue in innovation every year. This is a pretty high rate. What would you say about this? How fast does this investment turn back?

Right from the start of our business, we invested in our own R&D. Not that it was required at first, not for the distribution business we initially had. We simply always enjoyed doing research. And this has not changed a bit.

We are curious, we have ideas and we love to turn them into the right solutions for our customers. Our motto is 'Listen, think, innovate', three activities that ensure that we understand our customers and provide them with the most appropriate tailor-made products for their future business. It is part of what we are: a pioneer in the industry, geared towards long-term, sustainable corporate success and aiming to advance the market with our innovations.

Of course not everything we developed over the years has been a success, at least in terms of output. Nevertheless, the investment has always been worthwhile. Because you have to try. It is the only way to find out what will support your business in the future. For this, you need the courage as well as the foundation. This is our reason for investing in innovation each year. And there is one thing I promise you: We will make sure that you get more innovations in the coming years from us. That's what we stand for, that's what we are good at and that's what we love to do.



What are the markets you hold a higher markets shares? Which are the ones you want to open up to in the near future?

Our major markets are in Europe and Asia, with Middle East and South America catching up and Africa developing as a market with great potential. So of course they are of high interest. But one always has to regard each market in the light of what it demands. In the EU we have a relatively saturated market. There is currently a lot of debate about prices, but also more responsible, sustainable consumption and especially more animal welfare and more responsible production methods.

In other regions, such as Southeast Asia or Africa, the primary concern is often to be able to produce, process and supply enough safe, good food for the entire population. But they also have a very high awareness of food quality, and European standards are increasingly being introduced there.

For us, the greatest future potential lies not so much with a specific region but rather with a specific demand. It will be important to offer the clients in the relevant markets solutions for their problems. Until recently, animal welfare has been a niche; now it's developing into a megatrend. We can offer solutions

for problems that arise from increasing demands.



DEMAND IS HIGHER THAN BEFORE CORONA

How did the ongoing Coronavirus pandemic affect the global feed additive market in terms of prices and supply chains?

At present, we see a shortage of raw materials and goods on the one hand, and bottlenecks in logistics on the other. Both have been reflected in higher prices. The main reason for global shortages is a shift in the focus of production. Since production facilities in China were shut down for several weeks, everything has been concentrated on the European market. We obtain most of our raw materials from European suppliers anyway and this has proved to be an asset in these times. But we do see that the local market is under greater pressure. The paradox is that the overall demand for certain raw materials has actually decreased, because some industries that depend on the same commodities as we do have been out of production for weeks. So you would think there would be enough on the market for those who produce. But many raw material suppliers have preferred to shut down their plants completely rather than simply reducing production. The same happened with trucks and ships. This of course makes it more difficult and costly to obtain transport and container space.

We are counteracting this by massively increasing our own raw material stocks and we advised our customers to order early. This way we can ensure that all customer orders are served at all times. We can also adjust our production flexibly which is good because we are currently very busy. Demand is even higher than before Corona.

You see, there is some good in everything. This pandemic puts us all to the test. It demonstrates very plainly how crucial agility is for companies. It demands quick reactions from us and drives innovations with incredible speed. Fortunately, we at Dr. Eckel have already been dealing with the question of how we can use digitization to the advantage of our customers for several years. Thus, it was just a small step to move almost the entire company to home office within a few hours and to switch our customer service to digital contacts. We recently set up a new line of webinars for our customers, and the feedback was very positive and promising.

And another good news in these challenging times: In the midst of all the Corona measures, we switched over to a new ERP system successfully and smoothly; our customers received the usual service during the entire changeover and all our orders went out on time. When you implement a new ERP system, you usually have your consultant on site to support you most of the time. But of course this was not possible, so we had to do everything virtually. And now we are the first team in Germany that has successfully implemented a new ERP system completely digitally.

Do you want to add anything else as your closing statements?

AE: In times like these, we see how vulnerable we are – our businesses, our nations, and especially our global networks. Yet, at the same time, we see the great possibilities that lie within the right actions and decisions. It is up to us to accept the challenges. I can promise you: Our Dr. Eckel team will continue to lead the way with courage and innovative strength so that from this crisis new ideas and great solutions will emerge – for the benefit and prosperity of our customers.