



Up to 10 tonnes of fresh fruit is processed every hour at the Lebedyan plant to produce the company's well-known baby food and juices.

# A wild ride on the winds of change



Apricots are washed before they are processed into puree and juice.

# of change



## Russian juice and baby food producer Lebedyansky JSC has gone from being a small cannery controlled by the Soviet government to a flourishing enterprise in a competitive market. It's been quite a journey.

TEXT: SVETLANA SVISTUNOVA PHOTO: JEREMY NICHOLL

**THE FRAGRANCE OF APRICOTS** permeates the workshop in Lebedyansky's production plant in Lebedyan, about 400 kilometres south of Moscow, as big boxes of the just-delivered fruit wait to be transformed into Lebedyansky's well-known Frutonyanya baby juices and purees.

Lebedyansky is the baby-food market leader in Russia. Recent surveys show that the Frutonyanya brand is known to 94 percent of the Russian population. The company's baby purees and juices are also exported to Azerbaijan, Armenia, Belarus, Kazakhstan, Ukraine and other countries in the region. However, the company's main profit stems from juice production. Lebedyansky is the largest natural juice producer in Eastern Europe (the Commonwealth of Independent States and former socialist countries) and the sixth largest in the world.

### ► Facts

#### LEBEDYANSKY IN SHORT

- The largest natural juice producer in Eastern Europe and a baby-food market leader in Russia
- Brands include Ya, Tonus, Fruktovy Sad juices and nectars, Frustyle juice drinks, Edo ice tea and a wide range of Frutonyanya baby juices and purees
- Produces every third pack of juice sold in Russia
- Is among the 300 largest Russian companies by market capital and sales revenues
- Is one of the top 10 juice producers in the world
- Has three production facilities, in Lebedyan, Lipetsk and St Petersburg
- Lebedyansky juices and baby food are exported to Azerbaijan, Armenia, Belarus, Kazakhstan, Ukraine and other countries in the region.

In 2007, the company produced and sold more than a billion litres of baby puree and juices. It has a Russian market share of almost 44 percent for baby juices, 32 percent for baby purees and more than 33 percent for juice. The company's annual turnover reached about 945 million US dollars in 2007.

Looking at this terrific business success, one can hardly believe that in 1992 Lebedyansky had only one small juice preparation line and was on the edge of bankruptcy.

"The success of our business is the result of hard work and the intellectual efforts of many people, especially our management," says Alexander Kobzev, general director of Lebedyansky. "And we were lucky to live in a time of change."

Such change was unimaginable when the company began in 1967, as a small cannery in the little Russian town of Lebedyan in Lipetsk region. The location was chosen by the Soviet authorities because the area was widely known for its fruit and vegetable cultivation, as well as for its high-quality spring water. Its mild climate was especially good for the apple and cherry orchards that traditionally were planted there.

"I was born in Lebedyan," says Kobzev, "and I remember that in the 1970s local citizens never bought the products of Lebedyansky cannery. Everybody preferred to can their own fruits and vegetables at home."

Like other state-owned companies in the Soviet Union's planned economy, the Lebedyansky cannery was not designed to make a profit, but during the first 14 years, six of the company's top managers were replaced, and the plant suffered from enormous debt. Things changed in 1981 when



Alexander Kobzev, general director of Lebedyansky.

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ALEXANDER KOBZEV, *general director of Lebedyansky*

>>> Nickolay Bortsov, today one of the owners of JSC Lebedyansky, was appointed general manager. He equipped the plant with new technology and set up a new line of Tetra Pak aseptic filling, including pumps, heat transfer equipment and valves from Alfa Laval. This made Lebedyansky one of two Soviet plants to use frontline technology.

1992 was a crucial year for Lebedyansky. The former socialist enterprise was transformed into a joint stock company. Bortsov and his son, Yuri, got the main share of stock. After the transformation Lebedyansky focused on producing juice in aseptic packages and baby food.

“It was just after the collapse of the USSR,” Kobzev recalls. “The economy and financial systems were ruined. I had just begun working at the plant and saw how difficult it was to survive.” The law obliged Lebedyansky to produce juice and baby food for residents in the northern part of

the country, but to afford the raw materials the company was forced to take large bank loans. When payment for the orders failed to appear, Lebedyansky could not pay back its debt and hence teetered on the brink of bankruptcy.

“The company could not generate any income,” says Kobzev. “Everything was eaten up by taxes. We needed a trade company that would sell our products in exchange for raw materials.”

So Lebedyansky set up the trade company and slowly paid off the debt. Meanwhile the management was learning about surviving in a market economy. Every day brought new knowledge about the business.

In 1996 the company launched Tonus, its first line of branded juices. The natural, healthy juices quickly won consumers all over Russia.

Then, when the financial crisis hit Russia in 1998, Lebedyansky saw an opportunity to expand its business further. Foreign producers were leaving the Russian market and prices were dropping. Lebedyansky had only 4 percent of the Russian market share, but company managers decided to increase production. The rest, as they say, is history.

In the years that followed, Lebedyansky moved its headquarters to Moscow and recruited several medium- and top-level managers with experience from major Western companies. Step by step, Lebedyansky went from a production-oriented to a market-oriented company. By purchasing plants and improving its technology it became the leader of the Russian juice market.

**LEBEDYANSKY LAUNCHED** a balanced portfolio of strong juice brands, including the Ya brand in the premium segment, the Tonus brand in the mid-priced segment and the Fruktoviy Sad, Frustyle and Privet brands in the low-priced segment. In addition, the company began selling baby juices and purees under the Frutonyanya brand.

Today Lebedyansky has three production facilities: the Lebedyansky production and storage complex in Lebedyan, a juice, concentrates and mineral water bottling plant in Lipetsk and the TROYA-Ultra juices plant in St Petersburg. A statue of Lenin placed in front of the Lebedyan plant’s new office building is the only reminder of the old days.

Lebedyansky continues to develop, improving its existing products and regularly bringing new products to the market. In March 2008 the company announced that it intends to



Chief Engineer Alexander Dubrovin is pleased with the flexibility and efficiency of the Alfa Laval fruit processing line.

► The fruit processing line

## Keeping the processing pace

– Technology investment doubles plant capacity

**JSC Lebedyansky** has been using an Alfa Laval fruit processing line since 2007, when it was installed at the plant in Lebedyan to produce baby food. The equipment includes core components such as Alfa Laval Clara high-speed separators, Alfa Laval Foodec decanter centrifuges, Alfa Laval ViscoLine tubular heat exchangers, Alfa Laval Frontline plate heat exchangers, Alfa Laval Alrox deaeration modules and a wide range of fluid-handling equipment.

“We compared equipment of different firms,” says Alexander Dubrovin, chief engineer of Lebedyansky plant. “Alfa Laval offered the best value for money and more opportunities for flexible work. We used to have some problems with our apples, for example. They come in very different sizes and sometimes need to be carefully cleaned of soil and solid mud as well as separated from stones. Together with Alfa Laval specialists we solved this problem.”

**“The Alfa Laval line allowed us to increase the production of our baby juices and purees.”**

Albert Akhmetzianov, Alfa Laval business development manager, explains that special traps for the waste and an additional drum washer were added. “Basically,” he says, “we adjusted the Alfa Laval fruit preparation line to fit local

Albert Akhmetzianov, Alfa Laval business development manager.



circumstances.”

“The Alfa Laval line allowed us to increase the production of our baby juices and purees,” says Dubrovin. “The old fruit preparation line could process at most four tonnes of fruit per hour. The Alfa Laval line processes much more – up to 10 tonnes of fresh fruit per hour, including apples, pears, apricots, cherries and berries.” In addition, the Alfa Laval line allows for cold extraction of juice and puree. ■



Lebedyansky continues to evolve. Now it's erecting a huge juice-storage building next to the Lebedyan plant.



►► [www.alfalaval.com/here/fruitprocessing/lebedyansky](http://www.alfalaval.com/here/fruitprocessing/lebedyansky)

sell just over 75 percent of its juice business to PepsiCo and concentrate on producing baby food and mineral water.

"Baby food is a very lucrative and growing market, and we believe it has a good future," says Kobzev. "Gross profit from baby food increased by 50 percent in 2007, compared with 2006. We see a lot of opportunities in this segment, as Russian parents today prefer readymade baby food to making it themselves at home, as in the old days." This is connected to the rising standard of living in Russia, which in general has increased the population's ability to buy readymade food.

**TO REALIZE THE BUSINESS** opportunities Lebedyansky decided to upgrade its fruit preparation equipment. The company chose Alfa Laval's fruit preparation line, which was installed in the Lebedyan plant in 2007.

"We were already familiar with the Alfa Laval brand," says Alexander Dubrovin, chief engineer at the Lebedyansky plant. "Alfa Laval's equipment is being used in the aseptic lines at all our plants, so we know it very well."

Kobzev explains: "We picked Alfa Laval because we are interested in high-quality equipment. Quality is very important to us, not only because of profits and market competition, but also because our mission is to produce healthy products for everybody, and especially for babies."

One prerequisite for the new line was that it should allow for cold extraction of juice and puree, which means no heat is added in the first stage of processing the fruit. "With cold extraction we are able to preserve more vitamins, which is particularly important when making baby juices and purees," says Kobzev.

At the Lebedyan plant the Alfa Laval fruit preparation line is in operation 20 hours per day, processing apples, pears and apricots as well as cherries, berries and other fruit. In the aseptic blue light of the factory, the fruit moves along a conveyor belt leading to a drum washing machine and then an air washing machine. It then reaches the sorting table where women in blue overalls and white hairnets remove sprigs and leaves and an occasional bad piece before it's processed into puree or juice.

"In this factory we process about 200 tonnes of fresh fruit every day," says Alexander Dubrovin, chief engineer at the Lebedyansky plant. "Mostly we use the Alfa Laval fruit preparation line, but in peak season we also need to use the old line, although it's much slower."

Lebedyansky can also make baby food in its other two factories, although none of them is as efficient as the large Lebedyan plant. Now a unique storage for juices is being built there. Today it is a construction of metal bars more than 40 metres high. When completed, the entire storage will be controlled by computers, and production will be delivered back and forth automatically.

Nevertheless, according to the agreement with PepsiCo, the Lebedyan plant as well as the plant in St Petersburg will be sold to PepsiCo. LSC Lebedyansky will keep only the enterprise in Lipetsk, where baby food, not-from-concentrate baby juices and mineral water will be produced.

"We haven't made any decision about the Alfa Laval juice preparation line yet," says Kobzev. "Either we'll leave it here or it will be transferred to Lipetsk. But definitely we will keep producing baby purees using Alfa Laval equipment." ■

Plums and apricots are processed at the Lebedyan factory. From there they will become Frutonyanya baby food and juice.