

April 2007

The Experts' FORUM

New Series!

In the coming months, the CDC will present a series of articles featuring Canadian dairy and food processing companies that have benefited from the Innovation Support Fund. We hope these articles will serve to inspire other companies to develop new and innovative products using Canadian dairy ingredients.

Feature Article:

Innovating is **KOOLL!**

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In the Fall of 2006, a new company called KOOLL desserts launched a series of innovative retail dairy desserts that helped expand that category and send a strong message that innovation is alive and well and leaving in a new factory in St-Hyacinthe Québec. With three new brands for a total of 9 products already in wide circulation, it's no wonder this company has garnered so much attention. These new dairy desserts based on products that are a big hit among consumers in Europe, will liven up the daily menu of Canadians, while allowing them to truly indulge without compromising healthy eating.

When you meet the President of Kooll Desserts, Lionel Ettedgui, it is easy to see why this company has achieved early success while at the same time earning the respect of many in the food processing sector in a very short period of time.

Lionel Ettedgui, president, KOOLL Dessert.

With over 10 years experience in negotiating raw material (primarily coffee and cocoa) in Europe and Asia and 5 years in the food processing industry with Groupe Nestlé et Groupe Sodiaal, Mr. Ettedgui has learned a thing or two about what it takes to not only build a company, but more importantly, follow through on a vision.

Despite being born in France, he is no stranger to Canada. His parents have lived in Canada for 15 years and his own family has called Canada home for the past three years. The beauty of the country, the warm welcome he received from its residents and the excellent quality of life were only a few of the reasons he chose to build his company, and settle his family here.

Having recognized the opportunity to launch a new category of dairy products, he seized the day and moved quickly. In less than a year, his first products left the 25,000 square foot plant, which represents a 15 million dollar investment and has 30 full-time employees. His vision is simple: KOOLL Desserts must be in every Canadian consumer's shopping basket. His strategy is just as simple: get the products on the market, in the spotlight and accessible to as many consumers as possible.



The Expert's Forum had the opportunity to sit down with Mr. Ettedgui and ask him a few questions about his thoughts on innovation, the obstacles and challenges he faced while establishing his company, the support he received, and what advice he might have for anyone who is thinking of launching a new product in Canada.

On Innovation

What importance do you place on product innovation?

Product innovation is the reason for being of our company. Without Innovation, there is no way to stand out. Innovation can be many things: flavours, textures, packaging, ingredients... We believe that the success of our company is due, in part, to innovation.

People say that Canada is lagging behind other countries in product innovation. Do you agree?

I believe Canada is ahead in some areas and lagging in others. In the food processing industry, I would have to say that Canada and the United States are lagging where product innovation is concerned.

Canada is a relatively young country compared to many European countries. Consumer habits are very different. Innovating is not enough. We must also "educate". Take for example the market situation of yogurt and cheese 15 years ago and compare it to today's market. The evolution is incredible.

The gap in innovation in Canada is quickly closing. KOOLL Desserts is proof of this in the refrigerated desserts category.

On Funding and Support

Do you agree with the idea that there is a wealth of funding and support for companies developing dairy and finished food products?

Yes, there is a wealth of funding. The trick is to be convincing and motivated to take full advantage of them.

How did you hear about the Canadian Dairy Commission's Innovation Support Fund and other programs?

The steps I took to research financing and grants were done in a structured fashion through the help of a company by the name of Demers Beaulne. This approach helped us to benefit from several different programs. I hope I don't forget any, but they include: Canadian Dairy Commission, Fédération des producteurs de lait du Québec, National Research Council of Canada (NRC), Ministère de l'agriculture, pêcheries et alimentation du Québec (MAPAQ), Emploi Québec, Ministère du développement économique, innovation et exportation du Québec (MDEIE), Fonds de développement de la transformation alimentaire (FDTA), Centre local de développement (CLD) des Maskoutains. I must add that my experience working with the Canadian Dairy Commission was very good. They were very helpful and efficient.

Establishing a new business

What are some of the major obstacles that you had to overcome in setting up a new business and launching new products?

This is a relatively simple answer:

- Finding financing
- Finishing the project in within the timeline set out.
- Identifying the right resources (a company is only as good as the men and women behind it).
- Convincing distribution that the category of refrigerated desserts has a place on supermarket shelves.

- Promoting the products with a modest budget.

What were some of the most important decisions you had to make in setting up your new company?

A few of the key decisions were:

- What would be the maximum production capacity of the plant?
- What products should first be introduced to the market?
- What partners to work with?
- How should the company be structure?

Why did you choose to manufacture a product using dairy?

Eight of the 9 desserts manufactured by KOOLL Desserts require the use of milk. We chose to use whole milk rather than any other milk substitute in order to achieve a finished product with a superior quality.

What were some of the challenges you faced while developing your product for market?

The main challenges were or are:

- Finding financing for the project;
- Building a factory in 6 months;
- Completing scale-ups of the process and product in 2 months;
- Manage KOOLL Desserts, which is a SME, as though it were a multinational subsidiary.

What suggestions, tips, and advice would you give someone who is thinking of launching a new product in Canada?

My advice is quite simple:

- Have simple, clear ideas;
- Keep your strategy simple;
- Have a structured process.

