

## Starting a new series of exclusive interviews with the leaders of the world's major foodservice equipment manufacturers, Michael Jones met **Luciano Berti**, Chairman and CEO of Ali Group, to discuss 50 extraordinary years in the business

Looking tanned, sharp-suited and in good humour, with a countenance that belies his 82 years, the chairman and CEO of Ali is also charm personified. "You want an espresso, a cup of tea? Congratulations on your new magazine. I like it," are Luciano Berti's opening lines to me when we first meet at Ali's head offices in Cernusco, outside Milan, the snow-topped foothills of the Alps and Apennine mountain range peeping over the horizon behind us.

Berti doesn't do many interviews, his colleagues tell me before we meet, but he's a natural speaker – effortlessly fusing the seasoned businessman's ability to condense a message into a quotable soundbite alongside a friendly and engaging way of spinning yarns and anecdotes from his 50 years in the industry. "You want to know the full story about Ali? OK, let me take off my coat then," he says.

And what a story it is: how a young man from Piedmont, unsure of what to do with his life having completed his studies,

would become a living embodiment of the Italian economic miracle of the 1960s.

Berti turned around the fortunes of a small and underperforming Milanese automated warewashing company in 1962, using that as a springboard to founding Comenda – and then forging Ali Group into one of the world's top two largest groups in global foodservice. The group boasts some of the most recognisable brands in the world, from Ambach to Champion, Falcon to Moffat, Carpigiani to Scotsman.

The numbers are staggering. From those humble beginnings Ali S.p.A. now employs 8,000 employees in 26 countries and operates 53 manufacturing facilities across 73 individual brands in 24 countries. Ali companies design, manufacture, market and service a huge array of commercial and institutional foodservice equipment used by major restaurant and hotel chains, independent restaurants, hospitals, schools, airports, correctional institutions and canteens. Berti, much revered and respected in the industry, is known for his affable and

personable nature mixed with his ability to spot potential in companies, zeroing in on exactly what a firm needs to turn losses into profits.

We look back at the formative period of his life leading up to the formation of Ali Group. "When the Comenda deal happened in 1962 I was 31 years old," says Berti. "I already had my BA from Stanford, in Sociology. I studied there on a Fulbright scholarship in 1955. My degree in Sociology was due to intellectual interest. I still have that intellectual curiosity in people."

When I ask him what it was to be a young man, a little over 20, in America in the 1950s Berti laughs. "You cannot imagine what it was like. I arrived in 1954, nine years after the end of the Second World War. Every day was a huge surprise. Everything was different and beautiful. I could have stayed longer. My professor wanted me to stay and get my Masters – but I felt that if I did stay one or two more years I would never leave the United States. I thought the fantastic experience I had there, which opened my eyes and my mind, would be a tremendous advantage to me in Italy: that richness of views and understanding."

But still, he says, the businessman in him was not yet beginning to form. "No, no. After that, in 1956 I got my Political Science doctorate degree from the University of Turin. Nowadays practically everyone in Italy is a 'doctor' but in my day it was less usual. I didn't know what I wanted to do so, when I decided to go to Turin, I thought that I might study jurisprudence [law]. My father said to me, 'That's not a bad idea. A lawyer in the family will always be useful – go ahead.' But then I met someone who told me, 'you should study political science so you can be a diplomat. Go around the world – and they pay you.' That's why I got that degree."

Berti's post-graduate course took in 12 months of military service, three years at, among others, Italian oil giant >



## TITANS OF INDUSTRY

Eni S.p.A and teaching sociology at a post-graduate level. He soon found out that teaching and working for a large state-owned corporation was not his cup of tea. “After all that I found that I wanted to do something by myself. Something entrepreneurial. A project,” he says. “It was good time for the economy in Italy. So I put an ad in the Milan newspaper *Corriere della Sera* stating who I was and what I wanted to do and I got a number of answers. I met some people including a guy from Lodi, Milan who was making commercial warewashing machines, but his speciality was actually stainless steel equipment for the dairy industry.”

**A**t the time there were only a few Italian manufacturers of these types of stainless steel machines, with the majority of equipment being imported from outside Italy. “This man was losing money with these products,” says Berti “so we made an agreement and I started working with him. I put some money into the company. The only problem with the products was they weren’t selling them at the right price. I increased the price-list by one third and the company became profitable overnight. Easy, right?” he laughs.

After less than a year Berti, a partner in the business, was going around Milan selling the firm’s products and keeping the accounts. But he was frustrated with the rate of growth. “I said to them, ‘I’m going to start my own company and if you make the machines for me I’ll sell them with my own name. I want to be my own boss,’” he says. “That’s how I started Comenda. Then one day I decided to make our own machines. So I put another ad in the newspaper looking to find someone to design machines. I found a young engineer and gave him a few samples of machines and told him what I wanted. He made prototypes – and they worked very well. That was the

beginning. A few months later I rented a place near the airport in Linate, Milan and hired one worker, and then the second and the third... At one point, when there were about 20 of us, we moved again and bought equipment – instead of just assembling parts.”

Berti describes the period from the formation of Comenda and subsequently the Ali parent group through the late 1960s and 1970s as one of “rapid” growth. “Everything was growing then, not just us,” he says. “Hotels, restaurants, schools and hospitals were interested in our machines. We developed different models, from the tiny ones that we started with to the really big ones. We started exporting right away. France was our main market as there was less competition in France at that time, then England also.”

**T**he acquisition of US commercial dishmachines firm Champion in 1979 was a game-changer for Ali Group, doubling their sales volume. It was a hugely important step in the company’s history, says Berti. “That was fantastic. The States were the biggest market in the world. We bought Champion because it was for sale and it was losing money then. I had to take a few steps to make it profitable. It just had too many people. This was a plant with 175 people and for every eight workers on the floor there was one foreman. Generally those were the best workers – but I could see that those guys were doing nothing, just walking around the plant. We kept them on, but changed their roles and went from 175 down to 125 in a relatively short time.



**EVERYWARE** The Ali Group has an extensive portfolio of companies offering some of the most respected brands in the industry, with expertise in cooking, bakery, meal delivery and preparation, refrigeration, washing, ice cream and beverage dispense, ice-makers as well as contract, distribution and service. CEO Luciano Berti (right) still retains the passion that brought him into the industry 50 years ago, and in doing so has forged a European giant to compete with US firms

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There are still 125 of them today, but making much more volume.”

To Berti, as an outsider, was it obvious what else the company was doing wrong to make it lose money? “Oh yes. First of all they were making too many different things out of stainless steel, for example autopsy tables, which I eliminated,” he laughs. “I wanted us to concentrate on our product line.”

It was a period when, Berti feels, the time was right for the old world to bring innovation and fresh ideas to the new world for a change. “In the United States they were the first ones to make mechanical dishwashers, so by 1980 it was already an old industry and nobody was working to renovate it.

“In Europe everything had been destroyed by war and had to be started again from scratch – not from something old, but from new. Our machines were more advanced than theirs.”

Through the 1980s, 1990s and 2000s the growth rate continued with an acquisitive strategy from Berti (who confesses to poring over the balance

sheets of companies he targets for acquisition) meaning that a total number of 73 brands are now incorporated into the Group. These individual companies within the group remain in competition with each other, rather than being folded into unified business units. “We bought brands – that was always the idea,” says Berti. “We decided to keep them. We learned how to manage them, but we keep them separate. We let the good executives run their companies with little interference from us and we ask them to adopt our reporting system. We also encourage co-operation between the sister companies. We do have some companies, such as Moffat in Australia or Metos in Finland, who sell more brands than they make themselves, so it makes sense to push other products [from the Group] through them too.”

**B**erti likes to maintain a strong entrepreneurial culture at Ali, encouraging his leaders to be brave and use their initiative. “I want entrepreneurs, not managers,” he says. Is it healthy then for Ali companies to be competing with each other for the same tenders then? “Absolutely” says Berti. But it’s not all internal competition. Alicontract, set up by Berti in 1994 as a ‘single source supply’ contract company within the Group, is also fairly unique in the foodservice industry for its ability to leverage the combined resources of the other operating companies within Ali. A particularly useful option, says Berti, for operators in regions such as the Middle East, Africa or former Soviet states where dealers are not as active.

So is Berti concerned about Ali ever becoming too big and unwieldy? “No. Over 50 years it’s actually been a relatively steady growth – always just about doing the same things in just about the same manner. Now we can supply at least 80% of equipment in a kitchen,

especially now with the addition of ice cube machines through the acquisition of Scotsman Industries.” (See box below)

**A**li has maintained a presence in China for the last eight years. Initially, selling European-made products to the Chinese was “not very successful,” admits Berti, with most of the business coming through installing equipment into five-star hotels. Now, with the acquisition of Williams Refrigeration, which owns a factory in China, success and profits have been much stronger. Berti sees the Chinese market as continuing to grow well, “It’s doing much better than Europe,” he says. Similarly the Middle East remains a robust growth area for Ali. Berti is keen to also stress the importance of using

### Deal in focus: Scotsman Industries

Ali’s December 2012 acquisition of US-based Scotsman Industries from private equity firm Warburg Pincus has boosted Ali’s presence in the North American market. “That’s important because America has hundreds of fast food chains,” says Berti. “American chains will buy hundreds and thousands of pieces of equipment. It was a good fit for Scotsman too. Scotsman is another example of a very successful multibrand and multinational group, which we always regarded as a well-run, admirable and reputable company. It added over \$300m to our sales volume.”

local expertise when establishing a new operation in a foreign field. “We have never sent an Italian to run a company anywhere else,” he says.

But is this Italian in particular as passionate about the business now as he was 50 years ago? “I think so, yes. I’ve always been down to earth, very practical,” he says. “It’s the same spirit. That has not yet abandoned me,” he laughs heartily. ■