

# AGRIBUSINESS

EDITED BY BRIAN LESLIE (bleslie@farmersjournal.ie)



€1 =  
£0.824 \$1.277  
on 11/01/2012

Irish wheat €195/t	
Weekly diff	+1.03%
Year to date	+1.04%
Beef Steer R4L 414c/kg (ex VAT)	
Weekly diff	+1.5%
Year to date	+1.5%

## Keenan's - global ambitions

Business editor **Brian Leslie** recently met up with Gerard Keenan, executive chairman of Keenan's, the innovative mixer wagon company based in Borris, Co Carlow.

**G**erard Keenan speaks passionately about the importance of leadership and how any team can raise their game to achieve anything. But only if the team members want to and are empowered to do so.

Interestingly, he outlined how the Celtic Tiger years were of little benefit to his and to many other businesses, as both business and personal costs went up for everyone, e.g. housing costs, labour costs, professional fees, energy costs etc.

Keenan believes multi-national companies based here have raised everyone's game including indigenous companies. He outlined how the Total Quality Management (TQM) process transformed their business in the late nineties.

In 1997 their sales fell 25% following the outbreak of BSE, thereafter, they cut costs but struggled as a business to get back into profit. Keenan said "When a business' top line (sales) is not growing, there is only so much cost cutting you can do before you "kill the business" anyway.

He explained that within a 12 month period, all the team embraced TQM, where they a) identified the business problems/constraints, b) identified who within the business has influence over these problems, and c) set specific actions to resolve these problems, by whom and by when.

This transformed a business that made a loss of €1.7m in 1997 to making a profit of €1m in 1998, with more or less the same level of turnover.

He learnt that it was not necessarily about selling more but about eliminating

waste, doing every thing better and doing some things differently.

Looking to the future, Keenan is very optimistic about Ireland achieving the targets as set out in the Food Harvest 2020 report, he states, "Irish Agriculture now has a wonderful opportunity to win new markets and grow our global footprint. The competition will be fierce, but if we believe we can, we will win".

### CONFLICT WITH FEED COMPANIES & TEAGASC

The key to Keenan's continued success was in 1989 when they decided to invest heavily (10% of sales) into developing a farmer focused nutritional expertise service for their clients. This gave them a competitive advantage, where they did not just design, sell and service mixer wagons but they complemented this with on-farm nutritional advice to tailor the service based on the farm feed resources, be that a farmer in Ireland or indeed in India.

He openly admits they were not always right and

**Gerard Keenan outlined how the Celtic Tiger years were of little benefit to his and to many other businesses, where both business and personal costs went up for everyone**



Keenan diet feeders and (inset) Gerard Keenan, executive chairman of Keenan's.

had several battles with Teagasc and various feed companies around the world, but they have learned from their encounters, as is part of the evolution of any business.

Today Keenan's have formed a range of very successful joint ventures with large feed companies around the world. For example, ADM in the US, Sanders Glon in France, BOCM Pauls in the UK, Agrifirm in the Netherlands, MSG in China and Godrej in India.

### GREATER EFFICIENCIES

Keenan's deal with over 9,000 dairy farmers worldwide and they believe farmers can improve their feed efficiency by 20%, i.e. get more from the same feed intake. Interestingly, Keenan believes that farmers in Ireland must use grass and grass silage as the predominant feed, but maintains there are economic benefits to complement forage based diets with supplements at particular times of the year, depending on weather and farm circumstance.

He explains that there is no point in having a mixer wagon unless one applies the nutritional service and science behind this.

The interactions between physical components of an animal's diet and the chemical reactions between various feeds ingredients all effect fermentation within the ru-

men and therefore affect feed efficiency and performance. The fermentation process in ruminants also greatly influences the performance and outcome.

### RICHARD KEENAN - THE FOUNDER

Gerard's father Richard, along with his brothers were farming in Laois and set up an engineering firm in Baginstown in 1942 that specialised in making parts for ploughs.

By the mid 1970 they were employing 600 people. They had diversified into building hay sheds and factories but remained involved in primary beef, tillage and dairy farming. They also distributed John Deere tractors in the 1960's and 1970's.

In 1978 at the age of 60, Richard Keenan sold his interest in that business and set up Keenans as we know it today, in Borris, Co Carlow.

A complete new start, their first product was an on-farm electric weight bridge, which was a difficult sell according to Gerard. He said that between 1978 and 1983 the new business really struggled.

His father always wanted to develop technologies that made farming more efficient, and some of his inventions won numerous awards at the Dublin show, the Royal show and the Highland show.

### FIRST MIXER-WAGON

They made their first mixer wagon in 1983. During this period Gerard was working with John Deere in Germany and he decided to return home to join the family business, as did his brother Richard, an engineer with an international Oil company.

When they took their first mixer wagon to the Dublin show they got an enormous response and the business really went into expansion mode over the next few years from having profits of €60,000 in 1986 from sales of €1m, to profits of €1m from sales of €7m by 1989.

With such a profitable business, they realised that if they did not keep moving ahead of the competition they would be over taken, so they decided to base their future sales strategy around a nutritional service and a superior back up service for their machines and their farmer clients.

### INTERNATIONAL EXPANSION

Over the years this has enabled them to develop a real competitive advantage that has translated down into countries all over the world.

In 1995 they went into South Africa and Argentina. In 1997 BSE had a major impact on their business and it started to lose significant

amounts of money, e.g. a loss of €1.7m in 1997, where they were forced to cut staff by 25%.

When they adopted the TQM (Total Quality Management) process, this transformed their business.

Keenan said "Our business and the business of our farmer clients is all about continuous improvement and eliminating waste, maximising efficiencies."

Today Keenans have 25,000 farming customers worldwide and they have 3,500 farmer customers in Ireland who produce 1.25 billion litres of milk and 100,000 cattle. They employ 250 people and have sales of approximately €50m. They have linked up with Kephra work with beef farmers influence the quality and texture of meat for specific markets.

### FINANCIALS

The business reported a profit of €1.25m for 2010 and a profit of €77,453 for 2009.

They retained accumulated profits of €7.5m at the end of 2010 and their shareholder funds stood at €10.2m at year end. Company loans amounted to €10m at the end of 2010 up from €5m for the previous year. Gerard Keenan owns 57% of the business, while his brother James owns 29% and James Keenan owns 14% of the business.