

# CRUNCHING ON OPPORTUNITIES

Posted on

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From humble beginnings, Rancrisp, a brand dedicated towards quality and the sustainability of the industry, is on a journey of becoming a formidable Sri Lankan export brand. Leveraging on product innovation and diversification in agricultural exports, Rancrisp is creating new opportunities for Sri Lanka. Samantha Thamel, Managing Director, Rancrisp is committed to ensuring their success serves to benefit the farmers as well. He believes the Government must join hands with the private sector in supporting these initiatives to ensure the sustainability of Sri Lanka's agricultural exports. Following in his father's footsteps, Samantha Thamel is also dedicated to raising the profile of native Sri Lankan produce in the international market.

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**Photography** Mahesh Bandara and Menaka Aravinda.

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Samanthu Thomas, Managing Director, Rancrisp.

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### **Could you tell us about the beginning and journey of Rancrisp?**

The journey began on April 6, 1981, when my father Eden Thamel founded the company. I was eight years old at the time, and I can still remember the factory adjoining our home in Ja-Ela. There was a shop called Tony Cool Spot in Ja-Ela, and this was his first customer. My father was a Government Surveyor, and at that time a circular had been issued stating that officials who had completed 20 years of service could leave their positions and retain their pension. My father, who had completed 20 years of service at the time, decided to leave his post and venture into the cashew industry at a small business scale.

In fact, my father was encouraged to enter this industry by his friend Wijewansa, who was engaged in the same industry but at a different level. Previously, my father had ventured into poultry farming. I remember the chicken sheds were at a superior level, considering that time. Workers did not have to enter the coops to feed and provide water or to collect the eggs as everything could be done from outside the coop. Later, my father stopped poultry farming and established Rancrisp.

From the beginning, the factory had always maintained the required standards and quality, and in most instances, operations were way ahead of its time. I took over the reins of the company 13 years ago. Since, we have diversified with products such as chips made from Sri Lankan grown cassava, potato, and taro (kiri-ala). We have diversified our range of snacks through value addition to Sri Lankan roots and yams

The name Rancrisp has remained constant throughout the journey. Ran is the Sinhalese word for gold, and crisp stands for the crispiness (quality) of the product.

### **Why did your father specifically decide to get into cashew?**

In the 1980s Indian and Singaporean companies imported cashews from Thailand and supplied supermarkets such as Cornells, Colombo Apothecaries and Cargills Grocery Fort in Sri Lanka. I believe my father saw an opportunity and decided to enter into this industry

### **How do you source cashew for Rancrisp?**

We have our own plantations; however, they do not produce enough crop to meet our requirements. Therefore, we also lease large extents of cashew estates. We have external suppliers as well. However, our primary source is leased cashew farms. Our cashews originate from Puttalam, Mannar, Dambulla, Ampara, and Batticaloa: virtually all the areas that grow cashew in Sri Lanka.

**We Supply Dehydrated And Processed Fruits To All Leading Sri Lankan Ice Cream And Yogurt Manufacturers. Previously, These Companies Used To Import These Products. We Gather Fruit From Farmers And Process The Fruits According To Their Requirements.**

### **Where do you market your products?**

While catering to the Sri Lankan market we export as well. In fact, 50 percent of our products are exported to countries such as the UK, USA, Japan, Malaysia, Canada, Singapore, Angola, the Fiji Islands, and the Maldives. We have a range of over 70 products in various flavors and sizes, and the entire range is made available for export. All our products carry the Rancrisp brand. At one point we designed private labeling for exports to certain countries. However, we have since stopped this, and now all our exports carry the Rancrisp name.

### **Could you tell us about your diversification journey?**

The cashew crop can only be harvested once a year, and this stock needs to be maintained all year long. It is difficult to do so and requires significant investment. Considering this and the opportunities with Sri Lankan yams and fruits, we diversified into producing cassava chips, potato chips, dried fruits, and processed fruits. We opened a factory in Dambulla where fruits collected from farmers are being processed.

Today, we supply dehydrated and processed fruits to all leading Sri Lankan ice cream and yogurt manufacturers. Previously, these companies used to import these products. We gather fruit from farmers and process the fruits according to their requirements. We also supply our fruit products to international food chains and five-star hotels in Colombo. We use minimal processing in our products. Therefore, there is a significant difference in the taste, which is fresher.

For example, we supply 50 tons of fruits per season to a particular ice cream manufacturer. Our processed mango pulp is used in their third fastest moving item. Previously, it was strawberry. These ice creams are exported to Male and Dubai as well. We also supply strawberries; however, this is not a popular flavor in Sri Lanka. Recently, we received an order for 40 packages of Anoda by a hotel to cater to a visiting world leader. Another leading Sri Lankan hotel purchases our wood apple products to provide to cricket teams. We are happy that our products are reaching such a clientele.

### **What has been the response from the market thus far?**

We have experienced high levels of customer satisfaction. Consumers love our products and continue to purchase them. For example, when we started cassava chip production, we only purchased up to 300 kilograms per day from farmers while today we have purchases amounting to 5,000 kilograms a day from the farmers. The demand has similarly risen for potato and dried fruit products. Moreover, during the mango season, we produced nearly 100,000 kilograms of mango products. In the future, we have planned to introduce a 100 percent environment-friendly glassbottle for our fruit content, especially fruit drinks. We have had a superior customer response rate.

### **Rancrisp products are featured in distinctive packaging. Could you elaborate on this?**

The packaging is essential for processed food for many reasons. Cashew is an expensive product in the market, and cheap packaging would undermine the image of the brand and

extent of distribution. In addition to being attractive, our packaging also maintains high levels of hygiene. Our packaging facilities have been designed to suit our requirements, and we have also imported packaging resources from overseas. When we are unable to obtain improved packaging in Sri Lanka, we import.

### **Could you tell us about your work to empower farmers?**

We are the only company that pays the highest certified rate to farmers. This includes potato farmers in Nuwara Eliya as well as cassava farmers in Gampaha. We have agreements with distinctive farming clusters, where they cultivate to target our production. This is because we have already certified a price for them. Furthermore, we also supply planting materials such as potato seeds from the Netherlands to farmers and then buy back the crop. We follow similar procedures with cassava and taro (kiri-ala).

### **What more can be done in this industry?**

Is the Government interested in developing this sector? Recently, the Ministry of Primary Industries under the direction of Minister Daya Gamage, engaged in a positive initiative to collect information on companies that offer value addition on agricultural products for a grant provided by the World Bank. We were awarded 35 million rupees, and we invested an additional 35 million rupees in importing a fully automated international level production line to improve our production further. However, there needs to be more Government focus in terms of increasing mango and cashew cultivation

**When We Started Cassava Chip Production, We Only Purchased Up To 300 Kilograms Per Day From Farmers While Today We Have Purchases Amounting To 5,000 Kilograms A Day From The Farmers. The Demand Has Similarly Risen For Potato And Dried Fruit Products.**

For example, a 20-foot container of cashew is worth 15 million Sri Lankan rupees. Other export crops such as tea, coconut and rubber cannot attract a similar income from one container. Cashew is a luxury product, and this means we can attract more foreign currency to the country. Therefore, while we improve production facilities, the only thing that remains to be done is to strengthen cashew cultivation. Farmers must be encouraged to grow cashew and to do so, we need to certify prices. One such way that we can help farmers is by providing them quality plants.

**Initiatives in the cashew industry have been driven by the private sector. Could you elaborate on this?**

Recently, we started a CSR project to distribute jak, mango, cashew, and mee plants free of charge. We distribute the plants to growers and monitor the plants until we receive a crop. They need to keep us updated by providing monthly and quarterly updates with photographs using our website and social media. After a year, we will reward the best growers.

We have invested significantly in improving planting products for farmers. These plants have been selected from good quality parent plants. With better crops, we can improve our products, and this will, in turn, further enhance the production capacity of the entire country. We have a plant nursery in Dambulla, we always follow proper agricultural procedures. We launched these projects on June 26th this year, to mark the 80th birthday of my late father. The Chief of the Wannialaetto was the Chief Guest.

**What are your thoughts on exports meeting international quality standards?**

Maintaining quality and international standards are extremely important, especially as packaging and quality of products in the global market continue to improve. If we fail to do so, we will not be able to keep up. Sri Lanka has many agricultural products such as cashew, potato and cassava, which have a unique taste and quality. There is great potential.

Cashew is our main product, and we gather the crop during the season, sun-dry it and store in optimal conditions. Subsequently, we release the stocks, cut out the nuts, and ensure the product is always fresh. With yams such as cassava, the crop is collected from the farmers and processed within 12 hours. Although it is difficult, we have worked with our suppliers to ensure we always use fresh ingredients.

Rancrisp is the only company that produces cassava chips certified under ISO 22000 by the SLSI.

When exporting to other countries, we need to conform to their requirements. We have to ensure our products meet the unique requirements of the Japanese market. Recently, we started shipping our new product, taro chips, to Japan, and received permission without any issues because we conform to their standards.

**Sri Lankan agricultural products face the challenge of lower crop numbers and competition from cheaper products. How can the Government help these industries**

### **weather these obstacles?**

While other countries produce cashew and cassava at lower prices, Sri Lankan cashew and cassava have a distinctive taste and quality. For example, Vietnam provides taro products, but the taste and appearance are different.

We have been unable to obtain certain large tenders due to the limitation in agricultural crop quantities in Sri Lanka. We no longer grow trees such as mango and cashew because it takes time, and people prefer to earn an income easily and quickly. It is imperative that we start to increase our cultivation. There is plenty of lands that can be allocated for cashew, and the Government must implement appropriate plans in this regard. With a greater harvest, we have the potential to obtain a more significant market share in the world market.

Although increasing our crop numbers will result in a slight reduction in prices, Sri Lankan products will receive a higher rate due to its quality and taste. If we can maintain our prices at two dollars higher than our competitors, we can increase our market share. The world buys Sri Lankan products because they are better. However, at present, our prices are four dollars higher, which is a challenge.

**We Aim To Popularize The Rancrisp Name And Bring Global Recognition To Our Brand And Also To Sri Lanka... Rancrisp Will Continue To Work Diligently And With Determination To Achieve Our Goals.**

### **How do you think your father would feel if he saw the present growth of the company?**

When he handed over operations to me 13 years ago, my father gave me complete control. He did not attempt to interfere with anything. He was a nice and wise gentleman. When I first asked to join the business, my father advised me to first study, and I pursued my education in the marketing field. When I approached him subsequently, he advised me to work elsewhere to gain experience. It was at this point that my father handed over the reins to me and gave me 100 percent control. Today, I value the experiences I gained before joining Rancrisp as I understand my staff and I am aware of working with respect towards my entire team.

### **Rancrisp has a considerable number of employees. How do you manage them all?**

When I started running the Rancrisp operation 13 years ago, we had 11 staff and one manager. Today, we have grown to a 300 strong workforce with 1,000 to 1,500 indirect workers such as farmers and their families who depend on Rancrisp. We have sustained our operations because the consumers love our products, and we appreciate their trust. We have faced challenges in our journey, especially in terms of diversification and investment initiatives. With the incidents in April, we have faced many challenges, but we have since overcome these issues. We have to face these situations. We also make it a point to recruit those who are academically and practically qualified to the roles. The five departments: marketing, accounting, production, sales and human resources, operate independently. Although I give leadership to all these divisions, I do not interfere in daily operations. My main focus is with regards to marketing and product development because I hail from a marketing background.

### **What are your future plans?**

We aim to popularize the Rancrisp name and bring global recognition to our brand and also to Sri Lanka. We currently earn nearly one million US dollars per year and have planned to increase this to 1.5 million US dollars in the next two years. To meet this projection, Rancrisp will continue to work diligently and with determination to achieve our goals.