

Mr Daskalopoulos, you recently concentrated a number of leading companies in the food sector under one umbrella, which initially had the name “BrandCo” and is now called “Vivartia”. What benefits can this bring, when we are essentially talking about diverse companies?

Basically, we felt that we had “received” the message of the times and reacted swiftly and in such a way as to be able to respond not only to today’s but to the coming demands of the larger European market and beyond. These demands favour strong companies that can combine their strengths and an attitude that has been proven to be effective in order to “build” organisations that will have a great creative potential and, as such, be highly ambitious with significant realistic prospects. As for this diversity, as you describe it, I believe that this relates only to their products, because these companies have one common reference point: the attitude of the people who work in them, who are the soul of the companies. An attitude that can be summed up as their love for the products we produce focusing on the consumer, and an approach to each product that sees it as unique for the person consuming it. Furthermore, we all believe that we should be first in everything we do, and this common conviction can push the company even higher.

The moves that you’ve taken so far, do they cover the whole of your plan or should we await further developments? Are you planning on expanding into new markets, in terms of either geography or quality?

As part of our planning, we believe that we have a very broad field of action, both in terms of geography and quality. Once, however, this new arrangement takes off and its success is proven, as I am sure it will be, then it shall be a strong business organisation, visible to global investors and able to attract the capital that is required to operate in the current economic environment, with prospects for further growth in all directions. For example, we have created new products in the general category of juices and drinks. We have already designed other products, which we plan to launch in the near future.

Can a company with its headquarters in Greece compete with the global, or even the European, giants?

It was precisely this global prospect that we wanted to strengthen with this new arrangement. The first evidence that a Greek company can stand equal to the large companies abroad and compete for a share of the market lies in the components that make up the Group we have formed. Chipita did it with croissants, DELTA did it with ice cream. We already have, therefore, products that are successful abroad and which we can export to more countries, we have the executives and the technical know-how to produce new products which will be as equally successful in the countries in which we are already active, and in others. For example, with the products that we call “bakery”, we have significant sales in countries outside the EU, such as Mexico and Egypt, and very soon we shall also be in Nigeria. There are opportunities in other countries, and it is significant that we have already had other proposals, which we are considering. Of course, our strategy in those countries that are outside of the EU is different from our European business practices. In Europe we prefer to have control of the whole enterprise, whereas in third countries we opt to have a minority stake through strategic alliances with local producers or distributors who can support our

activities in markets that we find difficult to enter, at least at an initial stage.

You mentioned Africa, where the problem of hunger has not yet been solved and where social inequalities are huge. What do you believe is the correct strategy for a food company that is seeking to grow in such an economic environment, to produce high-quality foods that are directed towards the few that have the ability to consume them, or to offer a cheaper product for the poor?

In Egypt, which is one of the “developing” countries with a low per capita income, we have opted to promote basic foodstuffs based on milk or flour. The potential exists, in other words, to adapt to local demands and produce products that maintain quality, that people like and, at the same time, have low production costs. The Egyptians, for example, consume huge amounts of croissants, a product that is cheap but also high quality.

There has been a marked trend in developed societies in recent years for a decline in the consumption of fast food in favour of a healthy diet with plenty of fresh ingredients. Do you believe that something like this can influence your future growth and, if so, have you thought of a way out of such a crisis?

I don't think that this trend is of much concern. There is indeed a greater consumer awareness of ingredients as well as a trend towards healthier products. Consumers take an interest in their health and are searching for new dietary models; they still, however, stick to certain basic products which are in our product range. This does not mean that we can continue without making changes to the dietary models that we had in the past. One of the challenges facing food companies is precisely how to change their product range. From when it first opened, Goody's has developed a series of products, aside from the classic hamburger, and that is why it has maintained its lead in the mass consumption, fast food market. We are constantly ensuring that we create new tastes and new products that match with the demands of the times, so that consumers will be able to find what they are looking for in our stores and through our distribution networks.

I will paraphrase the earlier question on the global environment and the position of Greek companies, and ask if the presence of large global companies in the Greek market and their launch of products that Greece has traditionally had a significant production in, such as Friesland with yoghurt, worries you at all.

The presence of “foreign” competitors is nothing new for us. Let's not forget that multinational giants have been active in the Greek market, in the food sector in particular, for years in Greece, and we have faced up to them on equal terms and with great success. Moreover, increased competition is something positive that both favours the consumer and leads to a greater rationalisation of the market. For example, we have already moved into the phase where “everyone produces everything”, an evolution from the previous phase where each company specialised in only one product. We are now gradually moving to the next phase, where only those for whom consumers show a preference will prevail and be able to maintain a significant market share. The attitude of “everyone for everything” will fade in the next few years.

In the past year, though, competition has, in one way or another, intensified dramatically. Many have even spoken of a battle over milk or fruit juice, among either Greek or foreign producers. What is your opinion on these developments?

First of all, I believe that there should be rules and they should be kept. Commitment and self-control should be part of the company culture of every company that has any self-respect, which wants to be thought of as modern and win the long-term (and I emphasise this) trust of the consumer. At the same time, the existence of effective and transparent independent supervisory authorities is a necessary precondition for the modern market economy. Secondly, as I said before, competition has peaked in Greece and the market cannot sustain all the companies that are operating. We must, therefore, decide what we want: companies that survive through ruses and tricks, or dynamic companies that invest in technology and can compete with anyone on a legitimate basis? It is in the interest of these companies to maintain all the specifications and to compete within the context laid down by the law. All indicators suggest the emergence of a market with fewer companies, and this should not scare us.

Are you considering acquiring smaller companies?

I would not say that something like this is an immediate plan. We do, however, have a strong market position, which makes us potential buyers of any company.

For all this to take place a stable and entrepreneurial environment is required. How would you describe Greek entrepreneurship today? Are you satisfied with the current situation?

Much has happened and I have hopes that we can do much more. The business environment, in any case, is judged by a large number of different elements and factors. I would say, however, that there are significant problems, e.g. bureaucracy, primarily, and other related issues. What I believe, and what I think we should do through SEV but also as a society, is to give the opportunity to existing companies to grow, but, most of all, give those young people who want to create the opportunity to do so without obstacles. We still have much to do in these areas in order to achieve this.

As an entrepreneur, do you face difficulties in your work?

Our basic task is to produce an outcome and to achieve a result in this environment. I would say that it is part of our job to be able to do what needs to be done, despite whatever difficulties.

The state should be here to help you to produce, not to create difficulties for what you do and leaving you to deal with it. I'd like to ask, as the incoming leader of a group of people who can bring about changes in this area, will you exert pressure in this direction?

I believe that this group has been "pressuring" (as you call it) for years now. It does it through its specific experiences and accompanies this "pressure" with specific creative proposals. I believe the abandonment of an unproductive criticism and the

adoption of an open and honest dialogue not, however, as an alibi for doing nothing but as a basis for responsible joint decisions - is significant. Only with such an attitude will we be able to create a better environment for everyone. And this is SEV's hope and ambition. Not to propose those changes and reforms that will help only our own companies, but all those who contribute to making society as a whole move forward.

Have you seen any progress in this area?

We can't say that there hasn't been any progress. For 25 years now we have been a member of the EU and have witnessed a relatively successful development. This has been significantly helped, as I said before, by the environment shaped within the EU. An environment which is good for entrepreneurship, to which the EU has essentially "assigned" responsibility for the production of goods and services, and which it considers as a significant factor in the creation of surplus value so that we can have a welfare state.

Many companies, however, are threatening to leave Greece either because of high taxes or because of the bureaucracy.

There is, however, the other side, which is the desire of companies to remain. There is another reality in that here, in this small Greek market, there are a great number of companies. There is the reality that says that other companies invest here. Let's not look only at those companies that left in order to survive or because they could not compete in such a demanding environment.

If you were to open a new plant for your company, would you build it here, or in Bulgaria or former Yugoslavia, where the wages are lower and the tax regime is more favourable?

This should concern us all, whether this difference you refer to, which is apparent today, becomes even more apparent on even more levels and it becomes easier to make business decisions in favour of other markets. We have indeed built many plants outside of Greece, and we have built many here as well. It should be noted, however, that our activities abroad are not of the type "we remove it from here and take it over there". They are of the type "we go to be successful in yet another market" a business decision that is necessary for a Greek business that wants to survive within the European context.

Is the issue as regards tax the level of taxation or whether there is a stable tax regime? Which would you reform first?

The problem with the tax regime is not so much the level but the wider problem of how it is implemented, which truly does create great problems for companies. For example, there is the system of account discrepancies, a return to re-examining previous years and the "adjustment", we could say, of the results that the companies have reported. We should all understand that things have changed. Today, companies apply IAS regulations, many are listed, they have institutional investors, even more are large, have an excellent organisation and operate with a purely technocratic mentality. The mentality of the supervisory authorities should also change and we should all escape from the mentality that the Inland Revenue will come and catch us

because we stole from it. These things belong to the past.

If we are able to have a correct and objectively defined representation of financial statements and this expands to the whole of the economy, then we shall create an environment where the taxpayer is a priori considered to be honest. We shall then also be able to reduce the tax burden. Let's think: what is our problem today? Answer: the state's income. If we all learn to pay our tax and we pay it, and that there is no way of escaping this, then we will be able to have lower taxation levels which will afford us a competitive advantage within Europe.

What priorities have you set as President of SEV?

I would like, as time goes by, for SEV to represent not only industry and the entrepreneur but entrepreneurship in general, private initiative, companies. I would like, as time goes by, for SEV to become a more accepted partner in the dialogue with society as to how we will achieve in a speedier and more effective manner all these changes that we know full well that we must bring about. I would like, as time goes by, for the members of SEV itself to recognise in a practical way our own shared responsibility. I would like, as time goes by, for society to recognise that the modern business is innovative, produces wealth, creates jobs, applies the principles of corporate governance, has an awareness of its social responsibility. It invests in the country's human resources, in social stability through collective progress, in the prospects for the nation. It invests in research and technology, in protecting the environment, in alternative forms of energy. This is how it can create a competitive national capital within global economic competition.

Does this mean a more people-friendly policy for SEV?

The issue is not whether a policy is people-friendly or not. The issue focuses on the growth model that we can and should adopt. I said before that, above all, SEV represents enterprises. An enterprise is an example of a creative collaboration between people who, through organised action, produce a tangible result that, on its own, constitutes a multiple social dividend. In this sense, then, an enterprise is a model to be followed and a desirable social formation.

Are all these changes real or just a PR effort?

My faith comes from the substance of my work, from my experiences. Never in my business have I felt that someone sees me as an employer who exploits people. I feel that we are a team of people who collaborate and put real love into our work and feel proud of the result. And the result is tangible, measurable and to the benefit of society as a whole.

There is a clear feeling within society that the changes that have taken place in the past few years entail a trend in which capital is becoming stronger whilst the people are becoming worse off. There is a "limit down" to this situation, where the consumer will not have enough money to spend on buying goods. Do you believe that, at this moment, in Western Europe, there is still a balance, or have we lost it?

The question is what do we want to achieve. In Europe, at least, we have a model that has demonstrated what it can achieve. A model that has given workers constantly increasing income. When we say, then, “let’s protect our vested interests”, we say it simply because we like them and we’ve got them and not because they are right, within the new economic conditions of globalisation. The challenge, then, is to continue that which we have achieved in all the previous years. What have we done up till now? We have produced wealth that was divided among all the factors of production, and not simply capital, and created a positive social environment. Throughout the whole of Europe, then, we have free schools, public health care, social security. Our challenge, then, is this: to maintain all those things that we have achieved in an environment that has changed and which demands us to adapt. A necessary precondition to achieve this is to produce even greater economic value. And this can be done if we adopt a model of growth and progress that is based on the financially sound, technologically and organisationally modern, and socially aware business.

Can a foreign model “the Swedish, the Irish, etc.” be implemented here, or could we forget the foreign models and create our own one?

We’re not looking for models, we’re looking for the ability to collaborate and to decide to do those things that we know we must do. I feel that the issue of what is needed has run its course. What we are lacking more broadly as a society is action. I think that we hide behind the idea of consensus as a form of inaction, when it’s necessary now to shift from laxity to initiatives, from discussions to decisions, from consent as inaction to a contract for creativity.

Will there be real consent and actions over social security?

We at SEV shall make the greatest effort to achieve this consent as soon as possible. I believe that there is no greater sham than to say that we’re not doing anything because we want to protect some people, when in reality we are not brave enough to say that social security is a huge and vital matter that will not be resolved without sacrifices and changes on all sides. This is not “protection”. It is a sure route to speeding up and making even more certain that terrible moment when the system will not be able to respond to people’s needs.

It is easy for SEV to say this. When, however, you are the government you have to take on the political cost of doing what you say.

That’s why I spoke of a joint decision of shared responsibility. Because, political cost should not be a cost that someone escapes having to pay, as we will all end up paying it tomorrow, at a much greater price.

Is Greek society ready for changes?

I believe that we are gradually understanding as a society that the hope that “everything will turn out all right on its own”, which is how we have been proceeding for many years, is over. I know that I will ensure that through our own discourse, our own proposals, we can talk to each other, take joint decisions and act together. And I’m not just talking about the government, I’m talking about all the social forces that

are ready to collaborate. We must focus on our points of agreement, rather than each standing in his own corner and stating his own position and his own idea. In order to do those things that can happen without government involvement, we must agree together first as social partners, and the government will then follow, since we too will be responsible for the policies that will be applied.

You don't have much time in which to do all this before the next election. Such things don't happen in a pre-election period.

First of all, this is a long-term effort, which concerns society as a whole. Secondly, if there is a common agreement among the social partners, the matter of the elections is of no importance. The question is if all this can be achieved during the tenure of one SEV presidency. Look, I don't aim to change attitudes and situations within a specific period of time. What I am saying is that we can, and I believe we want to, I believe that we have understood the need to change tactics, to work together and build, instead of simply maintaining our positions and each one taking from something that is becoming smaller and smaller. And what I do hope for is that we will all come together at this common starting point very soon.