

Succession in the citrus industry

LOUISE BRODIE

During the latter part of 2018, the CGA commissioned journalist Louise Brodie to visit citrus farmers around SA, compiling stories of succession in the citrus industry.

We will be showcasing each story in the SA Fruit Journal over the next while, to give you an idea of the level of passion our citrus farmers have for the industry, and how that passion has been passed on from generation to generation.

In this edition we feature ALG Estates, whose Gerrit van der Merwe Snr was interviewed in October 2018. Unfortunately, he passed away unexpectedly in December 2018. Under these extremely sad circumstances, his comments about succession are particularly poignant. Gerrit was one of the pioneers of free marketing and a strong proponent of the deregulation of the South African fruit industry. He was also one of the founding members of the Western Cape Citrus Producers' Forum (WCCPF), which was formed by Western Cape citrus growers for collective exports to the USA.

"We always had huge respect for our father, and the overwhelming response that we have received from our local community and the farming sector, as well as his international business colleagues and friends has shown us the difference he has made in our community and industry in his honest, understated, get-the-job-done way," says Gerrit's daughter, Sebastine Warnich. "One of the things that has become very clear following his passing is that our father taught us far more than we had realised. We are extremely grateful for the years we spent benefitting from his expert mentorship and will continue to build on what he established as his legacy. His advice to us was never to become disheartened, nor to stop planning for the future. He also urged us to look after our people and to leave the world a better place for the next generation. My father certainly applied this advice, as his legacy has indeed left the world a better place for the next generation," she added.

The Van der Merwe family of ALG Estates has a long tradition of farming in Citrusdal, with six generations having farmed in the valley since 1750. A decade ago ALG Estates had 400 ha of citrus, and following a period of rapid growth they are now a sizeable business with 900 ha of citrus orchards spread across four production regions. At the helm of the business was owner Gerrit van der Merwe Snr and the younger generation of the family who later joined the business are his son Gerrit van der Merwe Jnr (who joined the busi-

ness as production manager in 2008, but is now Managing Director: ALG Group), his daughter Sebastine Warnich, who runs the farm crèches and tourism divisions of the business, and his son-in-law Hendrik Warnich (Managing Director: ALG Marketing). Alwyn van der Merwe, the youngest son, is currently studying law at Stellenbosch University (SU). He's likely to spend time working within the fruit industry before joining the family business.

On the day of the interview in October 2018, confidence in the agricultural sector and succession in the family's agricultural business were certainly the order of the day. Gerrit Snr and Jnr had just come from signing the purchasing papers for a new farm in the Citrusdal Valley and the mood was jubilant.

"The process of preparing for succession truly starts when your children are young," said Gerrit Snr. "You need to teach them and train them in the various aspects of the farming operation, little by little as they grow up. It is a long-term process to reach the point where you can hand over the business to an experienced and capable person. Exposure to the industry and a broadening of horizons at an early age set the foundations for an understanding and appreciation of the massive extent of the broader international citrus and fresh produce industry.

Gerrit Snr believed that handing over control of the business follows a fine line, allowing for the next generation to gain experience without costing the company money. "This process takes a good deal of time and requires an ongoing good working relationship with open and honest communication. With regard to respect and remuneration, it's very important for the older generation to treat the next generation entrants into the business like professional people." Gerrit Snr stressed that family members who join the family business must do so willingly, and that they need to be competent in the role that they're taking on.

"Family members that take on a position in a family business are also custodians of the business for the next generation. When

From left: Hendrik Warnich (son-in-law), Sebastine Warnich (daughter), the late Gerrit van der Merwe snr and Gerrit van der Merwe jnr (son).



your time of involvement with the business passes, you should be in a position to hand over a better business to the next generation. As a member of a family business, this is your responsibility. The family needs to be proud of their business."

"In order to enable successful succession, it's important that youngsters joining the industry are given the correct guidance and allowed to grow. The older generation plays an important role in making this possible," said Gerrit Snr.

"The citrus industry has also grown rapidly during recent years and this remarkable growth has also created a shortage of skills in the industry which in turn creates opportunities for people with the appropriate skills."

Gerrit Snr also explained that all three members of the next generation in the family who are involved in the business had been through different processes before joining ALG in their current positions, and that this had prepared each of them for their current roles.

Gerrit Jnr is in his mid-thirties. After completing an honours degree in Management Accounting, he spent time working for Fisher Capespan (Now Capespan North America) in the USA, before joining ALG Estates in 2008. His view on succession is that it extends beyond family.

"Building a business in Africa is to create jobs and uplift the community. Citrus farming is very labour intensive and we have to invest in our community. Our empowerment project, Cedar Citrus was initiated nearly 20 years ago between ALG Estates and 36 members of the Cedar Citrus Workers' Trust,

and it started with 36 ha of citrus. In 2016 ALG sold them additional land at a very low commercial value, and also provided them with the required water rights to extend their orchards. Today, they have 92 ha of citrus, and are excited about their future prospects. We have advised them to work at growing their citrus productions to 100 ha before they consider investing in the value chain."

Gerrit Jnr explained that with regard to community development, ALG Estates follows a multi-pronged approach to provide for the educational, medical and social needs of their community. They believe in building capacity from the bottom up.

"In our crèche and pre-school facilities, we provide education to our staff's children. We also provide after-school care facilities to take care of the children while their parents work. This helps instil good discipline in the children from a young age, and as time progresses it also leads to a more disciplined workforce. This is essentially part of succession.

Education is of vital importance for the future of our business and community. There are currently eight of our staff's children studying at tertiary education facilities, on bursaries provided by ALG Estates. We also provide ongoing skills education and our social and environmental policies are guided by the values of the Fair Trade and Farming for the Future initiatives. We are proud of our family history and extremely grateful that ALG Estates is able to create opportunities for us, our staff and the broader community," concluded Gerrit Jnr.

"One of the things that has become very clear following his passing, is the fact that our father taught us far more than we had realised."
