

MAROC FRUIT BOARD: KEY PLAYER IN THE MOROCCAN FRUIT SECTOR¹

"My logisticians are a humorless bunch. They know that if my campaign fails, they will be the first ones I kill."

Alexander the Great
King of the Macedonian Empire (356 BC – 323 BC)

Ahmed Benhaddou A.B, the General Manager of Maroc Fruit Board, had just finished a meeting with his Senior officials (F.Chraibi- Chief Operating Officer, Asmaa El Fali, Chief Marketing & Sales Officer and M.Choukrallah, Chief Purchasing Officer) to finalize a new purchasing project that Ahmed would present to the Board members the following day. Ahmed and his team believed that this new purchasing activity was a potential opportunity for growth and a new source of competitive advantage for the company. The total amount of purchasing inputs and packaging for the current members of MFB exceeded 200 million Euros and the potential for savings were great.

MFB was committed to providing logistics services and solutions to most fruit and vegetable growers in Morocco, enabling them to transport their goods globally. Thanks to MFB, the export industry had grown significantly and Moroccan fruits had gained appreciation all over the world. MFB was a key player in the logistics sector, known for its experience and reliability. It had earned a reputable position in the industry and in the logistics field in general, due to its improving services and competitive pricing.

Despite the successes of the past few years and MFB's strong position in the F&V market, the management is now focusing on the future. Were the current initiatives enough? Should MFB reinvent its business model to face the challenges of the future? Should MFB continue to focus solely on exporting Fruit and Vegetables, or should it expand to other commodities? What about exporting the MFB model to other countries? Should MFB resume its sales activities? These were the main questions the team was asking to form the new strategy of the group.

¹ Case of the Research Division of San Telmo Business School, Spain. Prepared by professors Enrique Garrido Martínez and Rocío Reina Paniagua of San Telmo Business School, for use in class, and not as an illustration of the proper or improper management of a given situation.

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Ahmed and his team achieved great success. They gained recognition as experts in the field, built strong connections with major shipping companies, developed relationships with various ports, acquired the technology needed to provide competitive transport solutions and pricing, and overall set a new standard for logistics.

MFB was aware that they still need to take many steps to find the right model and strategy to tackle tomorrow's challenges in the face of the changing environment.

THE ORIGINS OF MAROC FRUIT BOARD (MFB)

Prior to 1986, the Moroccan government's organization, OCE (Office de Commercialization et d'Exportation), was solely responsible for the export and marketing of Moroccan products. In 1987, as the sector was liberalized, the Morocco's fruit and vegetable exporting producers established AFB and MFB (MAROC FRUIT BOARD) in order to manage the logistics and marketing of F&V products for export, thus allowing for the liberalization of the early citrus and vegetable industry in Morocco.

For the past 30 years, MFB had only been providing its services to its shareholders, and had been contributing to the growth and development of the market, resulting in a historical high of over 700,000 tons exported, out of Morocco's total of 750,000 tons. Ahmed said:

"That in the early stages, MFB was responsible for sales, marketing, and logistics for its shareholders. Their duties included discovering the market, promoting the product and managing logistics. This continued until 2013".

2008–2013: A PERIOD OF UNCERTAINTY

"We were shocked to learn that our most important Russian client has declared bankruptcy", remembered Ahmed, "Everyone has been closely observing the aftermath of the economic crisis and the financial struggles of major American and European companies and banks and how it has affected their customers and investors. We at MFB had no idea of the financial state of our clients....but it happened! Our biggest client who owes us more than 15 million dollars is now gone! This marks the start of a long period of uncertainty, stress, and concern as well as a reevaluation of our business model".

The atmosphere in the corridors was changing, with the personnel being agitated and worried about their future. Everyone was asking the same question: How could this have happened?

Despite multiple attempts to repair the damage, the trust between the main partners had been greatly diminished. The first major consequence of this was a reduction in

staff. This was an emotionally difficult time for the whole team, as they had to say goodbye to many longtime colleagues.

Given the uncertain environment, the support of the shareholders gave the team members a spark of optimism for a better future. Despite the restrictions and financial and commercial issues, the Chairman of the Board, was confident that the team could recover their self-belief and determination.

Several ideas were proposed, but the shareholders unanimously agreed to focus on logistic activities and delegate marketing to the members. The chairman played a major role in this decision, which was necessary for MFB to survive. This was chosen based on MFB's expertise in logistics and the need to maintain a competitive edge in the F&V sector in order to compete in the international market.

The markets had changed and new players had emerged. As a result, shareholders of the growers had doubts about the existing business model and concluded that a change in strategy was necessary. In 2013, new management took over. Ahmed explained:

“And finally apart from deciding to focus on the supply chain and allow their shareholders to handle the marketing of their products, we made the decision to open our new business model to other customers”.

MFB 2.0

Ahmed was chosen to lead the new business model. His appointment was based on his extensive knowledge of the global supply chain for F&V and the related risks. Nine years ago, the Chairman of the group hired Ahmed to work on improving quality and production processes. After spending several years working with producers and customers at their final destinations, Ahmed was at that point aware of the importance and influence his new role has on the whole industry.

After choosing his team from the most dedicated and qualified individuals, he had to tackle three challenges:

- **Rally the teams:** With morale at its lowest, employees must be reassured and motivated.
- **Rebuild its image and position:** Regain the trust of major partners and the global fruit and vegetable industry.
- **Restore the company's financial balance:** With a large debt, the new team had to find the necessary funds to fulfill the company's obligations

The strategic planning process had started and the success of the first strategy of the new business model was essential for the company's survival. With the full support of chairman and the Board of Directors, the new executive committee were determined to meet that challenge. They had to move past the default payment incident and rise again.