



## Case Study: Donnelly Fruit & Veg

# DONNELLY

<b>Ownership type</b>	Privately owned by Donnelly family.
<b>Business size</b>	Large.
<b>Core activity</b>	Wholesaler, importer, producer of fruit and vegetables; prepared food producer; crate wash and rental.
<b>Businesses</b>	Glan Aris and Wonderfoods.
<b>Address</b>	FoodCentral, St.Margaret's, Fingal.
<b>Age</b>	36 years old.
<b>Generation</b>	Third.
<b>Employee no</b>	330 (two family members actively involved).
<b>Turnover range</b>	€80-100M (group turnover).
<b>Main Brand</b>	Donnelly.
<b>Key Finding</b>	Becoming the family business leader.

### Company Background

Donnelly Fruit and Veg was founded in 1979 by Anthony Donnelly and his son, Brian. The father and son team began supplying a few vegetable lines to Superquinn, the country's largest supermarket at the time. Donnelly Fruit and Veg began a longstanding partnership with Superquinn, supplying their entire fruit and vegetable range. In 2001, Donnelly moved to FoodCentral in St.Margaret's, Fingal, and began supplying other nationwide retailers including Aldi and BWG (e.g., Spar, Eurospar, Mace, Londis) in addition to Musgrave's Supervalu. In this time, Anthony passed away and Brian became Managing Director of the company. He established Glan Aris, a crate wash and rental company for supply to both Donnelly Fruit and Veg and other food produce suppliers. In 2004, they established Wonderfoods, the food preparation division which supplies Donnelly branded fresh prepared vegetables, bag salads and roasting trays to retailers. In 2012, the company began farming crops, becoming both producer and supplier of Donnelly branded produce as well as private label goods. Now, the third-generation Donnelly brothers, Ciaran and Ronan, aim to direct this large business portfolio towards further growth and success.

### Interview with Ciaran Donnelly

*Director of Donnelly Fruit & Veg Group*

#### Family Involvement

There are three family members who are both shareholders and directors in the business: Ciaran, Ronan and their mother, Una. Ciaran joined the family business after completing a degree in Horticulture at UCD in 2003. His father, Brian, passed away in 2004. Ciaran became Managing Director of Donnelly Fruit & Veg and oversaw Wonderfoods and the farming development. Ronan entered the business around 2007 as a sales representative. Following this, he joined the trading department and, in recent time, has taken on an executive role. Now, there is a full management team in operation with each individual business run by a non-family managing director. The group has recently set up their board of directors and hold a bimonthly board meeting.



*Director, Ciaran Donnelly*



## Vertical Integration

As evidence of vertical integration<sup>1</sup>, Glan Aris was established in 2004 when the company moved to St.Margaret's. The thinking behind this was to reduce the wastage of cardboard boxes and to create green and black crates for the transportation of fruit and vegetables to supermarkets. The idea made financial sense, as Ciaran points out: *"We were going to be one of the main users of the green crates and rather than getting an external company to whom we would pay rental for, we said 'look, we'll do this ourselves'".* In 2008, the company built an operating unit for the returnable crate business and purchased an automated washing machine.

In 2004, they established the prepared food company, Wonderfoods. Under Ciaran's direction, Donnelly Fruit & Veg began farming in 2012 as a means of further integration. *"We've picked up a couple of crops ourselves to get into the growing side and that's proven good for us".* The company grew from wholesale and retail delivery to also provide packaging, preparing and producing.

***"My attitude would very much be one of stewardship in that I never saw it as my own. It was something handed to me to look after and continue onto the next generation."***

— Ciaran Donnelly



### **Donnelly Fruit & Veg — Becoming the Family Business Leader**

Following the passing of his father, Ciaran took on greater responsibility and became Managing Director of Donnelly Fruit & Veg. This was a difficult transition given the loss of both his father and business mentor: *"We had to find our confidence again without him".* Ciaran is thankful for the excellent core team, including the CEO of Donnelly Fruit & Veg that was in place during this tumultuous time. *"I don't know what I would have done without the people that were there."*

As business leader, Ciaran needed to be constantly attuned to happenings in the fruit and vegetable industry, an environment he describes as *"a constant learning curve"*. Since his father's time, the industry has changed dramatically due to the arrival of global chain supermarkets. These large retailers contract multiple suppliers for their fruit and vegetable category, forcing companies like Donnelly to become specialist and more competitive. In an attempt at differentiation, the company branched into organic vegetables in 2003. With sales never reaching above 4% of the overall fruit and vegetable category, the venture failed. Not afraid to admit defeat, Ciaran looked back on the experience and developed a key insight: *"That's one of the marketing lessons I learnt in growing organics. There wasn't enough value for the consumer."*

Despite being part of the company's many advancements, including expansion into the prepared foods division and farming, Ciaran believes he can direct the company to further success: *"I've yet to make my mark. We would certainly be searching for different things to invest and to move the company on into the future."*

<sup>1</sup> Vertical Integration means the combination in one firm of two or more stages of production normally operated by separate firms.