Faderco – Amor Habes, general manager – Algeria



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*The CEO recounts the rise of one of Algeria's home grown success stories, analyses the future of the local para-pharmaceutical market and explains how attitudes and customs are changing with issues like adult incontinence no longer taboo topics.*

Can you introduce FADERCO, its evolution, investments and achievements to date?

FADERCO's business is centered on adult and baby hygiene products. In fact, our slogan is "Faderco for life". We have been the leader in the women's hygiene market for the last 15 years, and investing into baby diapers manufacturing for the last decade, thus becoming the first manufacturer in volume on that market in Algeria. In the last 2 years, we have expanded our scope of investments and developed our first adult incontinence protection line of products. FADERCO now has a place in all market segments for absorbent pad products.

FADERCO is an industrial company that develops its own brands, from design to distribution. The market in Algeria is evolving yet we cannot say that consumer maturity has reached the expected levels, neither in the region nor globally. For example, the Algerian annually buys 700 to 750g of paper, when his Tunisian neighbor buys 1.4kg and the Turkish 2.4kg. This is actually very positive,

because it means that Algeria has a very significant growth potential, driving us to invest further.

With three manufacturing complexes, what is your production capacity and ability to launch new products?

Our production capacity is constantly increasing, at an annual rate of 25% or more, pulled up by the market's upward trend. In addition, every two or three year, we launch a couple of new segments: in 2015, we expect to launch a new plant of paper raw material, while today, FADERCO and the other transformers import their paper supplies up to 90% of their consumption.

What does it mean to be a manufacturer in Algeria? Is the environment more favorable to investments and entrepreneurship than when you first started with a plant?

To produce in Algeria is a very exciting challenge for two reasons. On the one hand because it is easy: the market is strong and provides significant growth. On the other hand because it is difficult: the contextual and administrative framework is complex.

FADERCO has managed to develop, through a combination of internal and external factors. Four years ago, we established our own distribution subsidiary, which today heads a fleet of 250 trucks, allowing us to secure very broad distribution capacities and cover almost 80% of the national territory.

You alluded to the sensitive character of your products (feminine or incontinence protections, etc.). How did FADERCO manage to break cultural taboos surrounding these items?

FADERCO enjoys the distinction of being the first company to communicate on feminine hygiene products. Since then and thanks to massive promotion on these products in the media, the new generation of consumers no longer considers these purchases taboo. Nowadays they are commonplace just like any other product.

What are the challenges that face manufacturers like FADERCO in Algeria?

In Algeria, manufacturers mainly encounter HR challenges. Our system, although in mutation, remains very socialist. Thus, we have found that the young graduates are desperately short in global management skills. For that reason, FADERCO heavily invests in training (up to 1.5% of turnover), but this is not the case of all companies.

Specifically, for everything related to technical aspects, but also marketing or financial, FADERCO is accompanied by external consultants like KPMG and Ernst&Young. They bring their expertise on

modern managerial methods.

Our challenge is to find the proper HR, train them… and keep them! For this purpose, we have developed a very strong corporate culture, thanks in particular to a highly developed internal communication. At all levels, we offer our employees the opportunity to develop: we have created partnerships with training institutes, in Sétif for instance, and signed agreements with specialized schools like the EMBI, where we send our managers to take and pass management masters, etc. Finally, our HR department has set up a career monitoring and development plan through which we offer regular promotions: our employees are with FADERCO to work and to evolve.

We put in place this policy because FADERCO is certified ISO since 2008, meaning that we have commitments to fulfill towards our customers and our employees as well.

What will be tomorrow’s challenges for Algeria?

Algeria has a very interesting strategic position in the region, by means of which it could become the gateway to Africa, in terms of geography, of demography (by its youthfulness), and of industrial potential, like South Africa. Therefore, in the medium term, we intend to position ourselves as one major actor of this industry in the MENA region. FADERCO products are already in Libya and in Jordan, and we are presently discussing with a contact in Saudi Arabia. The main challenge is to get the Algerian investors to seize the opportunities offered by the country: very low energy costs, an investment support policy no longer found in Europe, etc. It is time they started to engage!

What would it require, in spite of its infrastructure or regulatory shortcomings, for Algeria to truly become a regional champion?

One impediment is the lack of confidence of the private towards the public sector. Mutual trust must be restored to progress. In fact, there is now the “Tripartite” that gathers employers, unions and the government to discuss strategies and laws to implement, in order to open Algeria to more initiative.

Are industrial companies like FADERCO internationally competitive?

Competitiveness has to be developed, constructed and worked on. Pharmaceutical companies have caught up, and achieved in ten years what took our Tunisian and Moroccan neighbors 30 years. For instance, FADERCO surpassed the biggest Tunisian companies and henceforth, we compete with the biggest majors like Procter & Gamble or Kimberly Clark. Low costs of energy are undeniably one of our greatest strengths, allowing us to offer competitive prices while with the same maintaining manufacturing processes equivalent to European standards.

Still, gas and oil remain the main exports of Algeria. How could the country diversify?

Personally, I advocate a return to outsourcing industry development. I also think that vertical integration, whether in food, petrochemicals, paper industry, etc. could be developed, this for instance to prevent us from exporting oil and importing plastics made from the same oil we produced. Regarding the paper industry, FADERCO is currently trying to convince paper processors to invest and increase their production capacities, since we ourselves intend to produce raw material in the short term.

How would you assess the "Made in Algeria" brand?

The success of the Made in Algeria brand in the pharmaceutical industry should take place in all sectors. In that prospect, the government has a key role to play in order to protect and support the manufacturing industry and manufacturers, as well as to promote exports and lift the barriers that prevent Algerian companies from investing abroad. I wish, ideally, that FADERCO will be able to open branches in the medium term, in Dakar, in Ivory Coast and in Mauritania. Yet, issues with Dinar convertibility, transport in those countries, and others, are still impassable impediments. That's the reason why the government's full commitment is crucial.

What are FADERCO's key factors that explain its success?

FADERCO has always favored its partners. Indeed, they hold a fundamental role, bringing us equipment and expertise, thus improving our production processes. We choose carefully and establish long-term relationships based on mutual trust with them. Next step could be to invest jointly, and produce together the raw materials that we need such as glue, plastic, etc. and that we presently import from Europe and the United States to Algeria.

Faderco is a true « success story ». What advice would you give to Algerian and foreign entrepreneurs?

I would advise them to start now. In two years it will be too late. Today, we have investment support, the market is big, the economy is stable, and the environment is relatively safe. Thousands of these future "success stories" will help build a better image of Algeria.

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