

# Man for all seasons

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**L**AST year was a tough time for many African economies. With so many countries dependent on primary commodities such as cocoa, gold and coffee, their economies were vulnerable to severe shocks during 1999. As the prices of primary commodities dwindled to unprecedented levels, most African countries were left with a real struggle to balance their books.

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With all that experience and expertise, and with a presence in more than 60 countries, ED & F Man plays an important role in ensuring the smooth running of the commodities market. To integrate its commodities trading within the company's overall structure, the company operates a financial services business - comprising the Swiss-based asset management business ED & F Man Investment Products, and ED & F Man International, one of the world's major brokers of futures and options.

The company's recognition of the market's volatility has seen it lead the way in commodities hedging, and the company has played a leading role in asset management and futures and options brokerage and advice. ED & F Man provides all the ancillary services that ensure products are in the right place at the right time, and its operations are a crucial link in the supply chain - with services like commodities transportation, distribution and storage for third parties.

James Man, the businessman who established the company more than 200 years ago, was a visionary. Sugar had been produced in the West Indies for several years, but without a proper trading vehicle in the market place. Realising the

vacuum created by a shortage of experts in the field, Man went into business as a sugar broker in 1783.

The company began on a modest scale but quickly made its mark in the market place. With the industrial revolution and growing numbers of people on the plantations, sugar soon developed from a seasonal produce into a mass market product.

Meanwhile, the company went from strength to strength. It capitalised on the economic situation at the time to move into products such as coffee and cocoa.

The vision of James Man carried on with his grandsons Edward Desborough Man and Frederick Man, who in 1860 renamed the company ED & F Man. But the company's strategy did not change and, with new men and fresh ideas, it continued its strong business activities in the commodities market.

More recently, the company's growth stalled in the 1970s. Despite having been around for two centuries, the company boasted only about 70 employees in 1973.

That decade also posed new challenges for ED & F Man as serious new competitors entered the market. With globalisation and the advent of improved technology, the commodities market became more volatile than ever.

ED & F Man responded by setting out to protect its dominant position. It expanded its horizons, looking out for new opportunities in Europe, Asia and the Americas. With floating rate exchange regimes operating in most countries at that time the company had a currency risk exposure, and it adopted hedging strategies to give it some degree of financial freedom and to allow it to concentrate on breaking into new ground.

In the 1980s the company drew on its rich experience in the market to enter into third party futures and options trading. The result was the

formation of ED & F Man Investment Products, the Swiss investment and asset management subsidiary. The company also featured mutual funds on its product list.

ED & F Man then pursued acquisition as a growth strategy. In 1984, it bought half of the New Jersey-based Mint Investment Management Company. In 1989 it bought AHL, a London-based company which traded by predicting commodities trends using computers and implementing sophisticated models. By that stage, ED & F Man had carved out a significant niche for itself in the commodities market.

In 1994, ED & F Man's partners decided to go public with the flotation of the company. The firm had previously been listed as a financial services company, but was reclassified as a food and manufacturing company in 1995.

The move proved disastrous. The company's share price fell dramatically and its agricultural operations were a matter of concern as it expanded into new non-agricultural fields, at home and abroad.

In 1997, it sold its under-performing cocoa processing operation to Archer Daniels Midland. It merged its Australian sugar refining operations with CSR and bought Cargill's molasses operations.

Today, ED & F Man plays a particularly important role in the commodities markets of developing countries. Its cocoa division buys cocoa from West Africa, Central America and South-East Asia, and operates its own cocoa-exporting companies in countries such as Brazil, Nigeria, Malaysia and the Cote d'Ivoire.

The Ghanaian government's determination to make the cocoa industry more viable is set to open even more doors for the company in West Africa. Operating mainly from its London and New York offices, ED & F Man is still a force to be reckoned with in the commodities market - thanks to efficient and well thought-out plans spanning over two centuries.