

## Co-ops address rapid change in agriculture and food trade

A challenging future requiring increased resilience and bold dynamism in agricultural co-ops was presented to more than 100 co-op and farming leaders who attended the SAOS annual conference and dinner at the end of January.

In two key note addresses, Professor Maggie Gill, followed by James Graham, described global climate, population and food trends, and detailed the resulting demands on agriculture and co-ops.

Professor Gill described how rapid and simultaneous changes in climate, population growth and economic power are disrupting and changing agriculture, increasing demand for food, and driving global food trade. Changes are occurring faster than previously forecast, creating uncertainty and volatility for farming and the food industry. However, increasing demand for food creates both need and opportunities to increase farm output and to target higher value consumers amongst the growing middle classes around the world.

According to Professor Gill, the “big challenge” for agriculture is how to “produce more from our natural resources with less damage”. The opportunity for agriculture lies in the fact that the sector “understands natural resources and has the potential to make a difference”.

James Graham summarised the factors impacting Scotland’s agriculture: less predictable farming, with higher risk and increased demands on people is changing farming systems; regulation in farming and the food industry will increase as farming and food ascended the Government’s agenda; supply chains will become more integrated as retailers seek to increase security and certainty of supplies and specification; food exports will gradually increase as the Scottish brand and Scotland Food & Drink developed; and the credit squeeze by major banks will continue as they work to increase their capital base.

Quoting Professor Klaus Schwab of the World Economic Foundation, James suggested that the response required from co-ops could be summarised by the term “resilient dynamism”, as both increased resilience to shocks and volatility, and bold dynamism in leading and adapting co-ops to achieve their future potential would be required.

Co-ops will need to be pro-active in enabling their farmer members to benefit from growing global food demand, in both volume and value terms. They will need to elevate member participation in governance to ensure that clear member value propositions are formulated, so that membership can be maintained and renewed as farming changes. They would need to decide which specialisms and advanced capabilities to adopt to deliver their value proposition to members. Co-ops should work to position themselves as builders of sustainability and act to secure integrity and advantage in the co-op identity. Finally, co-ops will need to work together to secure a more supportive legal environment and to secure capital whilst retaining member control.

Overleaf, we look at some of the ways that SAOS is already assisting co-ops to address several of these challenges.

### 2020 Agriculture – 5 Shaping Forces

McKinsey & Co, 2012

1. Feeding the planet – the productivity imperative
2. Government’s food agenda – a rising priority
3. New technologies, new markets
4. From push to pull, supply chain upheaval
5. Big ag getting bigger

SAOS Family farmers – together we grow

### 5 Shaping Forces in Scotland

SAOS

1. Less predictable farming - changing farming systems
2. More regulation and associated costs
3. Supply chain integration
4. Scotland – Land of Food & Drink
5. Credit squeeze – banks changed for ever

SAOS Family farmers – together we grow

### 5 Challenges for Co-ops

McKinsey & Co, 2012

1. Maintaining and renewing membership
2. Capturing a share of growth opps
3. Acquiring advanced capabilities and specialisms
4. Anticipating shifts in consumer demands
5. Helping farmers adapt to regulatory change

SAOS Family farmers – together we grow

#### IN THIS ISSUE:

SAOS news and developments

Co-op news

SAOS welcomes new recruits

New ‘Sourcing for Growth’ project

Profile on George Noble

**(Continued from the front cover) James reported that SAOS is already assisting co-ops to address several of these challenges through the following work programs:**

- **Increasing Farm and Co-op Resilience** – being delivered in partnership with Peter Cook, Gail Ellis and Scottish Enterprise, providing strategies and know-how for boosting farm and co-op resilience.
- **Member Communications and Loyalty** – transferring latest research and techniques into co-ops working alongside academics from the University of Western Australia and Stirling University, building on several years of previous activities.
- **A Farm and Rural Credit Union** – following unanimous endorsement at a conference workshop, launching a feasibility study into developing a new farm and rural credit union, drawing on principles of self-help within farm and rural communities.
- **Scottish Farm Carbon** – a new mutual launching this year to manage planting of farm woodlands and to secure income from marketing certified carbon credits.
- **Sourcing for Growth** – announced at the conference dinner by Richard Lochhead MSP, Cabinet Secretary, a project to connect up supply chains in Scotland.
- **Graduates for Co-ops** - an offer and invitation to interested co-ops for SAOS to coordinate and manage a graduate for co-ops programme.



### Johnathan Robinson - United Farmers: high value benefit at low cost

UF delivered very substantial additional rebates to its 21 co-op members in 2012, over and above any terms the co-ops could negotiate individually. And this was achieved on operating costs of only 0.36% of UF's £85 million throughput. Jonathan Robinson, Managing Director of UF, summed up this achievement very simply as: "Big or small, together we are stronger."

Jonathan charted UF's continuous growth over the last ten years to the current £85 million throughput, and predicted that this would increase further as members respond to the many pressures in farming and in the supply chain. Not least amongst these, was the need for scale and professionalism in buying, as manufacturers had consolidated into relatively few businesses. In addition, farmer demands were changing as they dealt with volatility in input and output prices and less predictable profit margins.

UF throughput could be divided into two broad product types: high volume commodities such as straight feeds and fertilisers, and 'complex products' requiring much more detailed specifications and 'own brand' opportunities. UF's own unique 'Country' brand was gradually being rolled out across more

product lines from animal health to pet foods, and poultry mixes to hardware. Own brand offered good opportunities to tailor products to farm needs, deliver better value, and create a distinct market position for the co-ops.

Jonathan attributed UF's efficient and effective operations to its participative business model across all 21 members. At the heart of this is an interactive on-line 'viewing business desk'. All product and related technical information is accessible. Targets, supplier rebates, and volume progress against targets is detailed. Supplier promotions, marketing information and design are available for download. Automated e-mails and links, and daily invoice processing are all provided.

### Collaboration delivers growth for United Oilseeds Members - Chris Baldwin

Supply chain collaboration is the key to the stellar growth of United Oilseeds Marketing over the last few years, according to Chris Baldwin, their Managing Director. Chris charted growth in annual turnover over seven years from £50 million to £230 million, an almost three-fold increase in tonnes traded, and attainment of a 28.7% market share in rape seed. Trade with members had increased by 62% over five years and they had benefitted from surplus distributions amounting to more than £2 million over the same period.

Chris attributed this performance directly to more sophisticated collaboration with stores and crushers, moving to a rolling three year commitment and programme of supply. The result was more certainty and security for all in the chain, making planning and capital investment decisions easier, despite market volatility. In addition, the co-op had developed customers in the growing bio-diesel market. Collaboration had required acceptance of increased interdependence, more information sharing and joint forecasting.

A similar approach had delivered growth in the co-op's seed business. A partnership had been struck with a seed breeder ambitious to increase market share, and the result was a development programme of new varieties to increase yields and disease resistance, with a competitively priced variety.

Key factors for successful collaboration in Chris's experience were:

- Look to create a long term partnership
- Choose empathetic partners carefully
- Personal contact must be regular
- Ensure accurate and regular information flow
- Accept both the ups and downs of the collaboration
- Mutual reward in commercial terms must be delivered
- Regularly review and account for performance with partners
- Promote successes to members and potential members to create member loyalty, repeat business, and recruit new members.





### Stephen Cameron - SSMG: Beware external investors offering cash!

Scottish Shellfish Marketing Group spent almost two years dealing with an offer by an external investor to acquire a share of the co-op's business in return for a capital injection and the possibility of a full buy out several years later. Stephen Cameron, their Managing Director, described how co-op members "turned back at the church door" deciding not to proceed with the deal, and to seek other ways to raise finance for expansion. Stephen shared the lead up to this dramatic outcome and lessons learned from the experience. The Board had been receptive at the first approach by an external investor because of the difficulties in raising capital for growth. As Stephen pointed out: "A £10 million turnover business is unlikely to be able to raise £5 million cash for capital investment from co-op members, retained profit, and bank debt." Working with SAOS and legal advisers, a scheme was created that would result in the co-op retaining a shareholding in a new company, with all shellfish continuing to be supplied via the co-op. However as negotiations continued, the gap between the investors' perception of 'value' and the co-op members' perceptions became ever more apparent.

Stephen explained: "Potential investors saw the level of profit at the SSMG factory as the key indicator of 'value'. Generally, a future sale would be a profit multiple and it is in the investors' interests to consolidate value to that point". But it's different for farmer members, who "see value as spread across the collective operations: their own farm profitable and sustainable, and SSMG factory sufficiently profitable to allow on-going business and possible dividend return or price increases."

The future prospect was of diminished farmer control and a short term perspective. But, more importantly, lower prices paid for shellfish consigned by farmers would also devalue members' farms. In addition, there was a possibility that shellfish might become less important to the processing business in future. These considerations outweighed the possibility that every farmer would receive capital growth and cash on a future full sale of the processing business. So members decided to reject the offer.

Finally, Stephen reflected on the impact of the process on the co-op. He observed that time had been lost as the negotiations had been demanding of Board and management time, and capital expenditure had been delayed. In addition, legal costs had been substantial. However, "robust, clear the air discussions" had followed; a new seven year plan had been developed; and capital secured to move the co-op processing operations into a larger factory at Bellshill. Stephen's final word of advice: "If investors come offering capital, don't do it!"

### Ed Rainy Brown award for Bruce Ferguson

Bruce Ferguson, Scottish General Manager for Openfield, received this year's Ed Rainy Brown award for his vision and commitment in helping to shape and deliver key services and benefits to grain farmers in the North East of Scotland.

Bruce has been at the forefront of both the expansion of Aberdeen Grain in 2009, from 30,000t to 75,000t throughput, and the development of new co-op, Angus Cereals, in 2011. He was integral in driving and promoting these developments from commissioning to operation. Tributes to Bruce's work on behalf of the co-op members were led by Allan Bowie, Vice President of NFUS, who announced the winner, commenting: "Collaboration and co-operation within the grain sector has offered a greater number of Scottish growers better routes to managing and marketing their valuable produce. Bruce has been at the forefront of that positive development and the Scottish arable sector is in better shape because of his considerable efforts."

Andrew Peddie, SAOS Chairman, added: "Bruce is a very driven individual, and it's great to see someone take such pride in their work. He spoke at last year's SAOS conference on Aberdeen Grain's Members Care Charter, and it was evident to everyone there his passion for, and contribution to, the business. He is totally committed to the co-operative way of working. In addition to his own co-ops, he is an active participant in SAOS' Northern Managers' Forum Group, which sees several of our leading co-op managers get together to exchange ideas and information to great benefit. Bruce is a worthy winner of this award."

*Bruce (right) receiving the award from Katy Rainy Brown and Allan Bowie.*



### Cabinet Secretary presented with International Year of Co-ops Commemorative Book



Chairman Andy Peddie presented Cabinet Secretary, Richard Lochhead, with a copy of 'Building a Better World' - 100 stories of co-operation', at the conference dinner.

The book is beautifully produced and was published to commemorate the International Year of Co-operation 2012. It features a striking collection of stories on co-operation and co-ops around the world - from a group of small farm-holders in Armenia, cultivating figs, persimmons, cherries and mulberries, to the Zambia National Farmers Union.

SAOS is featured in the book and as part of our participation we received a number of copies of the book. If anyone is interested in having a copy, please get in touch as we have some spares.

**Contact [jennifer.grant@saos.coop](mailto:jennifer.grant@saos.coop)**



- SAOS CONFERENCE REPORT - SAOS CONFERENCE REPORT -

**Strong support for a farm and rural credit union**

All the delegates who attended the conference day Credit Union Workshop endorsed an SAOS proposal to carry out a feasibility study into establishing a new farm and rural credit union in Scotland. The workshop was run by Bob Yuill of SAOS and Mark Lyonette (CEO of the Association of British Credit Unions).

Bob suggested that the time was right for such a development because savers receive poor returns and are disassociated from the use of their savings, while borrowers are having trouble raising finance. In addition, bank borrowing costs are high, service levels have diminished, and banks often don't understand co-ops and mistakenly rate them as riskier. The final factor is that recent changes in legislation made it possible for credit unions to operate across the entire rural community and agricultural co-ops.

Mark added that, from April 2013, credit unions will be authorised

and dual regulated by the Prudential Regulatory Authority and the Financial Conduct Authority. Credit Unions would have permission to take deposits, which would be protected by the Financial Services Compensation Scheme – up to £85k for individuals, smaller companies and co-operatives. Mark expected that the regulatory changes will enable much more development and expansion of credit unions in the UK, and pointed to the USA where there are 7,350 credit unions, with 94 million members, \$982 billion in assets, and penetration of 45%. In Canada, there are 813 credit unions, 10.6 million members, C\$270 billion in assets and penetration of 45%. In both countries, credit unions are particularly active in farming and rural communities.

SAOS and ABCUL are drawing up the terms for a feasibility study that it is intended will proceed in the Spring.



## SAOS to receive £230,000 for new 'Sourcing for Growth' initiative

A new project to connect food manufacturing companies with producers of quality Scottish produce is to be created to build on the nation's growing gourmet reputation. The Sourcing for Growth initiative will help producers prepare to meet manufacturers' demands for raw materials. It will enable manufacturers and farmers to work together to take advantage of the opportunities of Scotland's growing food industry. SAOS will receive £230,000 to deliver the project in 2013/14 and 2014/15.

Rural Affairs Secretary Richard Lochhead unveiled his plans in a speech at the SAOS conference dinner. He said that Sourcing for Growth will:

- Carry out research into the sourcing of raw materials by food manufacturers, exploring option for opportunities for Scottish suppliers
- Explore and suggest ways forward for producers to meet raw material demands of food manufacturers in response to market signals
- Act as a facilitator between manufacturers and suppliers to make the most of opportunities within the growing food and drink sector.
- Provide a focal point for research and knowledge exchange to support supply chain development and share good practice throughout the food and drink sector.

Alan Stevenson, Supply Chain Development Director at SAOS, commented: "Sourcing for Growth will investigate the specifics of what manufacturers need in the way of raw materials, and how that matches up with what we produce in Scotland. It is a great opportunity to explore the issues around the supply of Scottish raw materials and how we can help build stronger networks and partnerships within supply chains to ensure they have the right capacity, scale and knowledge to exploit market growth and Scottish provenance.

"To do this effectively, we need to help the sector find ways to maximise the potential for greater Scottish sourcing by processors and examine if primary producers could be encouraged to supply materials that are in demand but not currently produced in Scotland. Critically, this project will also review how the primary sector can respond to longer-term market signals and that Scotland has sufficient raw material to support the growth in demand, both domestically and internationally, for Scottish food and drink.

"Getting this right and helping to ensure our supply chains work effectively will enhance the brand proposition that is 'Scotland, Land of Food and Drink' as well as spreading and sharing best practice, knowledge and resources through more collaborative relationships."

## SAOS welcomes new recruits - Stephen Young...



Stephen Young comes from good agricultural stock, having been brought up on a mixed dairy and arable farm in central Scotland.

He attended Aberdeen University and gained an honours degree in Rural Business Management. After graduating, Stephen took on the role of Shooting Manager at Cluny Clays outdoor activity complex for three and a half years. In 2005 he moved to Galashiels to become the Assistant Manager of co-op Borders Machinery Ring, which involved regular contact with members as well as developing new services through building relationships with suppliers. BMR has a turnover of £6m and over 800 members.

Stephen told us what he's most looking forward to in his new role as an SAOS Project Manager: "I'm looking forward to continuing to work alongside Scottish Agricultural co-ops as well as learning many new skills as part of a well-respected and dynamic team."

## ... and Emma Patterson Taylor

Emma studied at the Scottish Agricultural College for four years and gained a degree in Sustainable Environmental Management in 2009. She tells us: "Throughout that time I brought my personal interest and work experience in food together with my environmental degree." After graduating, Emma started work for the Scottish Government as part of a Graduate Placement Programme in the Animal Health and Welfare Division. Emma continues: "This work was interesting and rewarding, particularly due to the opportunities it offered. These included policy work for the eradication scheme of the cattle disease; BVD.

"I think that working for SAOS will be an excellent opportunity for me to contribute everything I have learnt from my interest in food, my environmental studies and my experience of working in agriculture so far. I have really enjoyed my first few weeks and am looking forward to seeing what new work the future will bring."



## Director Development training for East of Scotland Growers and Scottish Agronomy



A joint director training day was delivered by Jim Booth and Hamish Walls at EoSG in Cupar in February. Jim and Hamish updated participants on two modules: co-op governance and effective marketing.

Iain Brown, EoSG Chairman commented: "Sharing a director training day with Scottish Agronomy was a great success. Both co-ops adopted different governance practices so it was interesting to see how other boards do things. At ESG we have made a commitment to undertake at least one board training event per year, so as Chairman I need to ensure that happens."

Jim Booth added: "At the heart of a successful co-op is an effective board full of capable directors who operate with strong governance. It is

imperative directors and senior managers receive regular development to ensure their skills and knowledge is at the level required. If a co-op hasn't delivered any development events to their directors over the last three years, individuals should be asking why not? Ongoing development is required by both new and experienced directors."

**For advice on director development please contact [jim.booth@saos.coop](mailto:jim.booth@saos.coop)**

## Important changes to FSA co-ops' registry from 1st April

The co-op registrar's role of the Financial Services Authority (FSA) moves to the new Financial Conduct Authority (FCA) on the 1st April. Also, under the Mutual Services Order (awaiting enactment) the role of the FCA will be expanded and new responsibilities added. The Order requires the FCA to ensure that "persons are complying with the requirements of mutuals' legislation". Guidance will be published setting out how co-ops ensure they comply.

According to co-op legal expert Ian Snaith "The Order requires systems to ensure that on registration and while registered, co-ops comply with those requirements so that, if they don't, their registration can be cancelled". Ian adds this will remove an "ambiguity" in the role of the current registry.

The Guidance currently being prepared will, in effect, be Guidance under the amended Financial Services and Markets Act 2000, and will not be solely part of mutuals' guidance as in the past, thereby giving it a more formal status. According to Ian Snaith, co-ops can be assured that this "will

not impose the full panoply" of FSMA regulation on co-ops.

Also by 1st April (subject to s2 of the Co-operative and Community Benefit Societies Act 2010 coming into force) it is intended that societies will either be known as co-operative or community benefit societies - not industrial and provident societies, and that (subject to s1 of the Co-operative and Community Benefit Societies Act 2010 coming into force), it is intended that an organisation will be registered clearly as either a co-operative or a community benefit society - making registration and information contained on public registers clearer.

In a further significant development, the Law Commission intends to make the Co-operatives Bill available to the Treasury in March 2013. The Bill seeks to consolidate the existing legislation for Industrial and Provident Societies. This follows the Prime Minister's announcement in January 2012 that IPS legislation would be consolidated before the next election.

## Anglia Farmers' finance pool proves popular

Anglia Farmers (AF) has adapted the machinery ring principle of matching suppliers with demanders to facilitating the movement of finance and credit amongst its members. A scheme introduced last April (AF Finance) invites members to 'deposit' available cash in a finance 'pool', while other members who require short term credit can borrow from the pool to pay for goods supplied by AF. The pool is closed and reconciled at the year end, by which time all borrowings will have been repaid and deposits are reimbursed.

According to Clarke Willis, MD of Anglia Farmers: "Against a backdrop of reduced credit availability in the market, we are simply using the principles of self-help amongst members to provide benefits for all who participate." Borrowers pay 6% interest for using the pool funds (and £100 set up fee), while lenders receive 5%. However, as all risk and interest is pooled, all monies must be loaned out to achieve the 5% return, and there must be no bad debts. So in managing the pool, attempts are made to closely match the level of deposits with the amount of lending. Clarke Willis says: "It's early days and the scheme can evolve as we learn more. To date we have more interest from those wishing to make deposits than those wanting to borrow. I am sure that the scheme has opened up new business for us."

There are restrictions on the scheme to ensure that it does not become subject to full Financial Services and Markets Acts regulation. It can operate only amongst AF members and AF Finance Ltd must hold a credit licence, issued by the FSA, to authorise it to lend. For depositors, AF Finance is a separate legal entity. The deposits are unsecured and bad debts will not be underwritten by the AF co-op. The scheme is not covered by The Financial Services Compensation Scheme. For borrowers, monies can only be transferred to their AF trading account to pay for goods and services acquired from AF.

One of the main advantages of the scheme is its low operating costs. AF Finance Ltd has no employees, and lending decisions are made by a specially constituted panel that considers all applications. The panel includes a former bank relationship manager who is a member of AF staff.

## Rabobank: time to move from chasing price to adding value

A new report from Rabobank addresses an issue common to all food and agriculture (F&A) supply chains. How can you grow margins and value when commodity markets in supply chains are structurally tight and at the same time low consumer confidence is keeping a lid on prices in end markets?

Rabobank's solution is to move towards much more integrated dedicated supply chains, where more value within the chain can be realised, planning and investment decisions can be improved, and stronger resilience to unpredictable events can be developed.

'Winning Through The Supply Chain – From Chasing Price to Adding Value' was published in February. Rabobank suggests that new external influences in F&A are compounding the traditional pressures of supply/demand dynamics, population growth and rising commodity prices. The new factors are commodity use in biofuel production along with speculation in agri-commodity markets and regulatory responses from Governments. These all add complexity to the sector's operating environment and have exposed the shortcomings of the current supply chain model.

Currently, Rabobank observes that the dominant supply chain model is structured in a linear fashion, in which suppliers, processors and retailers form short-term partnerships independent from the influence and interests of other members of the chain. This model is inefficient, restricting F&A companies' ability to respond to changes in supply and demand dynamics, whilst fleeting partnerships limit productivity and restrict innovation. This system also results in wasteful processes that cause more environmental degradation than is necessary.

Rabobank maintains that an alternative supply chain model has the potential to transform the F&A industry. In a dedicated supply chain structure, upstream suppliers and processors enter into long-term partnerships with

each other and a downstream chain leader. Crucially, information and insights are shared along the chain's length for the benefit of all members. Justin Sherrard, Rabobank Global Strategist said: "Closer co-operation of this sort will transform the nature of F&A partnerships from transactional ones that are centered around chasing price, to a system focused on creating value."

Businesses in dedicated supply chains benefit in the following ways:

- **Reduced risk** - Longer term, more stable agreements reduce exposure to price volatility, whilst shared insights will enable players to better react to market risks.
- **Improved productivity** - Better insights into chain requirements improve process efficiency and partners can also work together to find ways to limit or reuse waste.
- **Access to new markets** - Better insights into downstream needs and opportunities can better inform product innovation and help companies to grow footprints in new markets.
- **Enhanced brand and reputation** - Companies with ambitious CSR targets can help their partners on other product attributes, such as sustainability.
- **Improved access to capital** - In addition to better cash flows and stronger credit ratings, members can access new financing models that provide leverage from chain partners.

Adopting the dedicated supply chain model positions F&A companies for longer-term growth, as the sector rises to meet the over-arching challenge to feed the world in coming decades.

[www.rabobank.com](http://www.rabobank.com)

## First Milk to accelerate move from commodities to value added

Bill Mustoe, First Milk Chairman, has indicated the co-op's intention of accelerating investment into value added products in a move to reduce exposure to commodity markets. Speaking in February he said: "The key criteria that we are looking for are opportunities that are added value rather than commodity focused; that allow us to diversify our business; and that can deliver rapid cash returns. Having now prioritised a number of options, with the support of members alongside our external funders, we have the opportunity to take advantage of added value investments."

Bill continued: "We have invested £20 million over the last eighteen months on acquisitions and joint ventures through a mixture of existing bank facilities and cash generated from the business. In order to speed up our move into added value and therefore start to really move the dial on the returns we can pass back to members, we recognise that we need to go faster and further with our investments." Consistent with this intention, First Milk is exploring ways to enable members and selected others to increase their capital investment in the business "without compromising ownership of the co-operative".

The announcement of investment intentions coincided with news of an increase in First Milk's liquid pool price of 0.5ppl from 1st April, and an increase of 0.4ppl in its cheese and balancing pools. In addition, First Milk has continued to reward member investment and will pay 3% return on members' capital account balances in April. Since 2010, investment returns worth about £1,800 to an average 1 million litre producer have been paid. In addition, members' base capital investment in the co-op will increase from 0.2ppl to 0.5ppl to enable accelerated capital investment.



## Machinery Rings hear of broadband possibilities

Representatives from Scotland's machinery rings met for their quarterly meeting at the Hunting Tower Hotel, Perth in February. Professor Richard Simmons of Stirling University attended the meeting to talk about the opportunities for rural broadband and, in particular, the potential role for the rings in rolling out high speed broadband using their links to local communities.

Richard made a presentation concerning a team he was managing from both Stirling and Edinburgh Universities. He highlighted the potential to establish high speed links, with a range of potential capacities depending on demand. While not able to provide any definitive numbers, he suggested costs in the region of £200 for connection with a subsequent £15-£20 monthly fee thereafter for line maintenance. The ultimate costs would depend upon the volumes of people/businesses signing up, and the costs of installing and maintaining the network. In this respect, topography, mast construction, mast site rental and back haul costs were all important factors. Richard highlighted the Tegola project which had involved establishing a high speed broadband network on the west coast of Scotland. In this situation, installation costs had been minimised through local participation, the involvement of benevolent landlords (not charging significant wayleave fees) and the availability of a back haul capacity from a local university facility. Richard stated that the team was highly experienced in network planning, relay construction, equipment choice, power supplies, monitoring and maintenance and they were very happy to explore any opportunities presented by the Machinery Rings. Following an extensive discussion on the potential involvement of the rings and implementation of a Scottish project, it was agreed that a visit to a small project near Allanton in Lanarkshire would provide a further opportunity for learning and consideration. Also discussed at the meeting was the Case IH deal - which is bringing at least £100k of value to Scottish farmers. The group looked at benchmarking and the potential opportunities farmers have to address fixed and overhead costs.

Representatives from the rings present, (BMR, HBS, Ringlink, South West MR and TayForth) made presentations about their own activities and, in particular, the significant, growing role they have in supplying inputs - particularly fuel. Graham Bruce of Ringlink reported on their tank monitoring project, looking at improving fuel distribution logistics and also increasing fuel purchasing route planning, buying in larger volumes and planning fuel purchases to increase overall efficiency.

Hamish Walls and Jim Booth attended the meeting on behalf of SAOS, Hamish told us: "It was an excellent meeting and feedback has been very positive - these quarterly meetings are a great forum for rings to exchange information."



Scotland Food & Drink  
**Excellence  
Awards 2013**

## SF&D Excellence Awards - entries accepted until 29 March

The awards, run jointly by Scotland Food & Drink and the RHASS, have been recognising and rewarding the very best in Scottish food and drink for several years and continue to be considered a true badge of excellence.

Within the awards, there are a total of 17 categories aimed at rewarding companies and their products in areas such as skills development, new product innovation and everything in between.

This year, for the first time, ASDA is the main sponsor. As usual, the individual award categories are sponsored by a wide range of supporters and SAOS is once again sponsor of the Success Through Working in Partnership award.

Alan Stevenson, who will be involved in the judging of this category, told us "We're looking for good examples of true supply chain partnership activity that results in shared commercial benefit. We want to see businesses working and planning together to find real extra value and collective gains."

The 2013 awards ceremony and dinner will take place on May 30th at the Assembly Rooms in Edinburgh. For full information on entering, go to

[www.scotlandfoodanddrink.org/events/excellence-awards](http://www.scotlandfoodanddrink.org/events/excellence-awards)

To book tickets for the awards ceremony and dinner, please contact Linda Chirnside on 0131 335 0940 or [linda.chirnside@scotlandfoodanddrink.org](mailto:linda.chirnside@scotlandfoodanddrink.org)

## PROFILE - GEORGE NOBLE

**In this issue, we are quizzing SAOS' Project Manager, George Noble. George joined SAOS in 2009, having spent his earlier career helping run his family's seafood processing company in Fraserburgh. He also enjoyed a spell as a management consultant for a boutique research consultancy, and a short tenure at Scottish Enterprise, delivering food and drink projects.**



### **Tell us a bit about your role.**

As a project manager at SAOS my role is varied, but these days most of my time is taken up running the marketing element of the Food & Health Innovation Service project, of which SAOS is a delivery partner. The project aims to help Scottish food and drink companies realise opportunities in the growing market for healthy food and drink products. I've also been involved in supply chain development work through the recently completed C2 project, and will be involved in delivering the new Sourcing for Growth initiative.

### **What is the most enjoyable part of your job?**

Getting out and about meeting innovative food and drink companies, hearing their aspirations, and hopefully playing some role in their future success is what I enjoy the most. I also enjoy the team dynamic within SAOS – we have a great crew with diverse skills and outlooks. Robust and intellectually challenging debate is guaranteed at our team meetings! Equally satisfying is working with our partner organisations who acknowledge SAOS as a key enabler, an agent for change, and an indispensable part of the food and drink support landscape in Scotland.

### **What has been your biggest work-related challenge?**

The diversity of SAOS's work means you have to constantly adapt your skills and knowledge - becoming an expert in something new on almost a project-by-project basis. Whilst this is a challenge, it is also what keeps the job fresh, the mind active, and allows you to take and apply new thinking from different areas and disciplines. In the early days, working from home with young kids was challenging as they thought they could have dad on tap.

### **If you could change one thing about Scotland's food and drink industry, what would it be?**

I'd like to crank the innovation dial up to at least 10! Whilst there are pockets of excellence, Scotland's R&D spend in the food and drink sector is well below that of our comparator nations. A number of funding options and tax breaks exist for innovation projects and it would be exciting to see more of our food and drink companies making the most of these – especially since R&D spend is positively correlated with profitability. That said, it is heartening to see a core of young, innovative companies coming through the Food & Health Innovation Service project.

### **What would you be doing if you didn't work for SAOS?**

I'd either be running my own healthy food and drink business or be a globe-trotting, professional kitesurfer!

### **How do you like to spend your free time?**

My spare time is mostly taken up with entertaining my two little boys. Other than that, I'm currently British Kitesurfing champion and try to get out training as much as possible in an effort to retain my title in 2013. I'm also a lifelong surfer and also enjoy skiing, freediving and sea kayaking. As if that weren't enough, I've given a large chunk of my garden over to fruit and veg production in the past year - and being a virgin gardener that is not without challenge!

### **What's your ideal holiday?**

My ideal holiday is anywhere with good waves, nice beaches, and well off the beaten tourist trail. I particularly enjoy spending time in the Western Isles – especially Lewis and Harris. I'm partial to California too.

## Diary Dates

22 May 2013 - This year's AGM will be held on Wednesday May 22nd at Murrayshall Hotel.

30 Jan 2014 - Next year's conference will be held on Thursday January 30th at Crieff Hydro.