

SAOS update

News from, and for, Scotland's farmer co-ops Autumn '17



Director Remuneration in Agri Co-ops

How can co-ops attract, develop and keep the best directors?

A recent survey of how agricultural co-ops reward their directors has highlighted a set of important recommendations around good governance for farmer-owned businesses.

The analysis was conducted by SAOS and Co-operatives UK to establish current practice around director fees and expenses and help with decision-making around the remuneration of non-executive directors in agricultural co-ops.

Director recruitment is critical to a business's success and a remuneration package can play an important role in attracting directors with the right mix of skills and experience.

Some key findings from the report:

Director remuneration and the amount of time spent by directors on their roles varies widely, even among those with similar levels of turnover and employee numbers. Boards need to make sure that they have a formal process in place that monitors director remuneration to ensure it reflects the business's needs and its ability to recruit directors of an appropriate quality. With only 12% of the co-ops surveyed having a formal process to review board performance, more agricultural co-operatives need to build regular director and board performance reviews into their governance planning.

As only 37% of those co-ops surveyed have a director development programme in place, and only 36% are confident that the co-op is recruiting enough directors of the necessary calibre, more co-ops need to implement processes around recruitment and remuneration.

Many co-ops need to establish a strategy to increase gender diversity on their boards, with only 13% of respondents having women on boards.

Jim Booth, Head of Co-op Development at SAOS, commented: "Whether through performance reviews, board development, or ensuring there are appropriate levels of diversity and the right mix of skills, there is a clear need for more co-operatives to put systematic processes in place to ensure boards are best-placed to drive the business forward."

"The quality and calibre of directors is arguably one of the most important factors in ensuring the future success of a co-op. Farmer directors don't expect to make lots of money while serving on their co-op board, but equally they should not subsidise the rest of the membership. The remuneration level for directors needs to be appropriate to attract and retain the right calibre of people."

Richard Self, Agricultural Manager at Co-operatives UK, added: "The board is the engine powering your co-operative. It is vital to service your board regularly, just as you would your car. What the figures in this survey show is that, alongside some best practice, many agricultural co-operatives are not taking the time to time to 'tune' their boards."

The full report is available to members of SAOS and Co-operatives UK that participated in the survey.

For more information, contact jim.booth@saos.coop

SAOS Conference - Co-operation in the Value Chain - 25th Jan 2018

We're delighted to report that plans are shaping up well for our conference in January, with our topic and key speakers firmed up. The conference will explore Co-operation in the Value Chain and our speakers and panel members will be discussing ways in which co-ops can develop strategies and efficiencies to maximise their co-op advantage.

Daniel Côté was Professor of Strategy at HEC Montréal from 1983 to 2014. Daniel has also taught co-op management in the graduate programme at St-Mary's University (Halifax, Nova Scotia) where he has taught SAOS' Bob Yuill and, more recently, Stephen Young. After 35 years at HEC, Daniel has now retired to devote more time to his work and teaching on co-operative management and we are delighted that he is able share some of his findings with us.

Professor Janet Godsell is Professor of Operations and Supply Chain Strategy at the University of Warwick although her career has been split between both industry and academia. Janet's research focus is on the way that product, marketing and supply chain strategy align to create a responsive or demand-driven approach to supply chain management. This work has been across a wide range of sectors including agrochemicals, automotive, defence, consumer-packaged goods, retail and pharmaceuticals, using supply chain strategy as a lever for business transformation.

Our morning Knowledge Transfer Forums, led by SAOS' Hamish Walls and Emma Patterson Taylor, will look, respectively, at Improving Co-op Communications and Board Diversity.

Please save the date, more information will be available shortly.

SAOS Training and Development Schedule for Winter '17/'18

Director Development Workshops

Who should attend the Director Development workshops?

Our development workshops are an invaluable source of information for new directors, and also for directors who haven't undertaken any training for a while. They're also a great resource for co-op managers, assistant managers, and other interested staff who would benefit from furthering their understanding of co-op governance. The workshops are also a great way to learn about other co-ops and network with other directors and staff.

The Director Development workshops over this winter will all be delivered at the **Huntingtower Hotel, Perth from 9.45-3.30pm.**

The cost to attend a DD workshop, which includes catering and comprehensive materials, is £50 plus VAT which is paid by your co-op. For smaller co-ops concerned about cost, support can be made available to cover fees, just ask us.

NEW MODULE! Persuasion Skills and Selling Techniques – 7th November 2017

Everything in business depends on effective selling. With increasing member expectations and competition, co-ops need to ensure all staff are fully equipped to maximize opportunities. SAOS' highly practical new sales skills workshop aims to familiarise attendees with the skills required to obtain a successful conclusion. Whether experienced or new, all staff will benefit from sales skills training. We are planning two workshops, one in the north and one in a south venue (tba). These are strictly limited to ten places only, to ensure an effective learning experience.

Developing Strategic Capability – 14th November 2017

The main responsibility of a board is to establish their co-op's purpose and vision, to set clear business objectives and to develop a strategy for their achievement. Co-ops who don't think strategically and develop strategic plans will inevitably fail. This module is an overview of the principles and processes of strategic planning and co-op business development. Directors need to understand what business their co-op is in, how it adds value and competes in the market. This long-term planning is essential for future success.

The Skills and Understanding Necessary for Effective People Management – 6th February 2018

It is often said by successful business leaders that the most important resource that an organisation has is its people. Co-ops are no different and good people are widely accepted to be the greatest asset you can have. This module is designed to focus on providing directors, managers and team leaders with an understanding and appreciation of the value and importance of good people management. We will explore the processes and methods which can be undertaken to support and develop staff and the strategies that co-ops may employ to find, retain and coach new and current staff. This module focuses on the 'human' aspect of people management and the tools and skills that can be used to maximise the potential of the people who manage and run your co-op.

NEW MODULE! Improving Co-op Performance – 20th February 2018

This is a new module which seeks to build on the previous suite of director development workshops to reinforce and identify best practice with respect to co-op board operations (governance) and management. For a co-op business to be successful, every director and manager needs to ensure that their business is operating as effectively as possible. Improving the performance of a co-op requires an understanding of the distinctive nature of co-ops: what is success; how does a co-op deliver value to its members; how to develop a culture of constant improvement; and how to build effective collaborative partnerships. We are planning to involve a prominent guest to speak about their personal experiences of improving co-op performance.

C-MiP Training Course

Co-op Management in Practice (C-MiP) – 22-23rd November 2017

This two-day, residential workshop is primarily aimed at up-and-coming co-op staff who are looking to improve their understanding of the distinctive nature of co-op businesses, and hear the latest thinking on new approaches for leading and managing co-ops in an increasingly competitive environment. This is a great opportunity for key staff to develop a better understanding of how their co-op delivers value and to 'sell' these benefits when engaging with colleagues, members and farmers.

This course will be delivered at the Huntingtower Hotel, Perth from 10am on day 1 (22nd November).

Members fee: £250+VAT Non-members fee: £450+VAT

For booking and further information on any of our courses, please contact anna.robertson@saos.coop or on **07741 314425**

New Tarff Valley Store Opens in Dundonald

The latest addition to Tarff Valley's suite of stores opened for business on the 2nd of October.

Pictured in the photo (left to right) are Alistair Steel (Sales Rep), Angela Henderson (Store Manager), Lorne Kerr (Store Assistant) and John Cowan (Sales Rep).

This latest of Tarff 'one stop shop for farming' also has a blending shed on site.

The new store is located at Olympic Business Park, Drybridge Road, Dundonald, KA2 9BE

Phone: 01563 475050 Email: dundonald.branch@tarffvalley.co.uk



Oops!

Apologies to Borders Machinery Ring for the 'fake news' in our last issue. In our piece on their office move we incorrectly gave their old address! They are now located at Leader House, Mill Road, Earlston, TD4 6DG.

Canadian Cattle Identification Agency Visit

Bob Yuill, who manages ScotEID systems, was a keynote speaker at the International Trace Conference held in Calgary in November 2016. Following on from this, SAOS and ScotEID recently hosted a visit by the CCIA – the Canadian Cattle Identification Agency which is Canada’s industry-led organisation established to promote and protect animal health and food safety.

Paul Laronde, CCIA’s Technology Manager, and Mark Lowerison, Director of Clinical Research at the University Calgary, visited ScotEID and Huntly, Dingwall and Highland Marts; Aberdeen and Northern Marts; McIntosh Donald, Porthlethen; and the Scottish Government’s - Animal Health, Disease Prevention department.

Since 2015, ScotEID has been working with the CCIA studying the relationships of animal ‘sighting’ data as part of a movement record. Sighting data is where a reader automatically reads an animal’s ID and sends this data directly to a tracing database, which is followed by another sighting at different premises, recording that a movement has taken place.

With the ScotEID system, EID sheep reads at a mart automatically record a movement having taken place from the consigning holding to the mart, this is then followed by a manual movement recording from the mart to the receiving holding. ScotEID therefore uses both sighting and movement data to achieve near real-time movement recording.

The CCIA’s work on sighting data to record movements is of particular interest to ScotEID’s ScotMoves system, where farmers record cattle movements between their separate business holdings. Using cattle EID systems and sightings could considerably reduce the recording burden for these farmers. Mark Lowerison is currently applying statistical techniques used in medical research to study anonymised Scottish sheep movement data in order to detail the robustness of sighting data as a component of movement records. ScotEID will be provided with the Canadian findings to help with the future design of our own EID systems.

Mark commented: “The findings from anonymised Scottish sheep movement data may hold sufficient evidence of the value of sighting data to inform future Canadian animal movement regulations.” Paul added his thanks to SAOS and ScotEID “for their guidance, insight and hospitality”.

Scotbeef Reveals New Abattoir Plan

Scotbeef Inverurie has published proposals for a long-awaited new abattoir, replacing its current one in North Street in central Inverurie.

The company, which is jointly owned by Scotbeef (which has a 75% share) and the ANM Group which owns the remaining 25%, has had plans to relocate its abattoir to the Thainstone Business Park, near Inverurie, for some considerable time.

The plans have been able to move forward since the ANM Group won its planning appeal in June for its £4million Thainstone expansion, and Scotbeef Inverurie’s intention is to seek planning permission to build its new abattoir there.

‘Uel Morton, former Chief Executive of Quality Meat Scotland, has been recruited as Development Director of Scotbeef to oversee the development of the new meat plant.

He said that a public exhibition on the proposed new abattoir and meat production facility at the end of September was a useful exercise to gather views and feedback from interested parties on the proposals.

Architect, David Nimmo, said all views would be considered before a formal planning application for the plant is submitted to Aberdeenshire Council for consideration. He added that although the total cost of the plant was not yet known, it would require “significant investment” by the company.

It is hoped once planning consent has been obtained and services have been put in place at the site, that construction will begin in April 2018. The hopes are to have the plant up and running by April 2019.

‘Uel Morton continued: “Relocation to the Thainstone Business Park Extension, an area already widely utilised by other agricultural businesses, will secure employment for the workforce, secure markets for producers and reduce livestock movements through Inverurie town centre, while allowing the existing premises to be developed for residential use.”

Charlie Adam, chairman of NFU Scotland’s livestock committee, attended the exhibition and commented: “We welcome plans for an up-to-date facility, fit for the 21st Century and beyond.”



An automatic cattle field sighting reader on a ranch in Alberta



Mark and Paul at Dingwall market sheep sale speaking with Hamish Stuart of ScotEID



Dingwall market sheep sale

Making School Food Better

Connect Local has been working with Edinburgh University Business School to plan a 'School Food Procurement Summit'. The event will be held on Wednesday 18th October 2017 at the Edinburgh University Business School as part of the EU H2020-funded Strength 2 Food Project.

The aim of this 'summit' is to bring together a range of interested stakeholders to discuss developments in, and persisting barriers to, sustainable public food procurement, particularly the involvement of more SME's in school food procurement. The event will involve a mixture of panel discussions and breakout sessions with a roundtable action-oriented plenary to finish.

Interested local, national and international stakeholders from local authorities, local councils, school leaders, catering professionals, public food procurement professionals, agricultural, food and drink representative bodies and advisory services, food producers, processors and wholesalers, campaigning organisations, and academia are all welcome to register and attend.



CONNECT LOCAL

Scotland's local food & drink marketing advisory service

The event is free to attend (and includes refreshments and lunch).

If you would like to attend please register at <https://www.business-school.ed.ac.uk/event/making-school-food-better>

New Honeyberry Co-operative gets Connect Local Support

Scotland could become the world's leading producer of the next big superberry, the Honeyberry. Fruit producers say the nutritious Honeyberry is easy to grow and perfectly suited to the Scottish climate and the first orchard of the soft fruit has already been planted at a farm in Angus. The potential for this superberry is huge and it is hoped production will increase to 5,000 acres across Scotland in the next decade. A group of growers who recognised this opportunity have formed the Honeyberry Co-operative with the help of Connect Local.

Connect Local supported the founding members through a series of workshops, one of which was an introduction to branding. In addition, Connect Local has been involved with helping the group establish their identity, forming a business proposition, legal structure and a member's agreement.

Honeyberries Co-operative chair, Stewart Arbuckle, said: "As a newly established producer group, we needed guidance on setting up and getting our names out there. We asked Douglas from Connect Local for support and he came along and shared his knowledge and expertise to guide us through the process. As a result, we are now fully formed with four founding members and we are now deciding on what we should call ourselves and get our name registered. We are looking to the future and our plan is to establish a supply group and build our membership from there."

To read the full case study and to find out more about the services Connect Local can provide, visit www.connectlocal.scot.



Honeyberries are the fruit of forms of the honeysuckle, *Lonicera caerulea*, also known as blue honeysuckle or edible honeysuckle. The fruits are very similar to blueberries in taste and looks, and can be eaten raw or used in jams and jellies. Like blueberries they are high in antioxidants and vitamin C and make an interesting addition to your fruit collection.

New Recruit for SAOS

We are delighted to welcome Allison Watson to the SAOS team in the newly-created position of Team Support Executive.

Allison was born and brought up on the Black Isle and has a family background in farms and estates. She currently works from her home in rural Perthshire.

Allison's joined SAOS from Visit Scotland. She is a graduate in occupational therapy with a qualification in communication studies. She spent fifteen years working in a senior role in the health and education sectors. More recently she has worked as a programme co-ordinator in the arts and cultural tourism sectors, overseeing a wide range of community and collaborative projects.

Allison brings a wide range of administrative and informational skills including writing of funding applications and reports, budget monitoring and review, event management, board and management support.

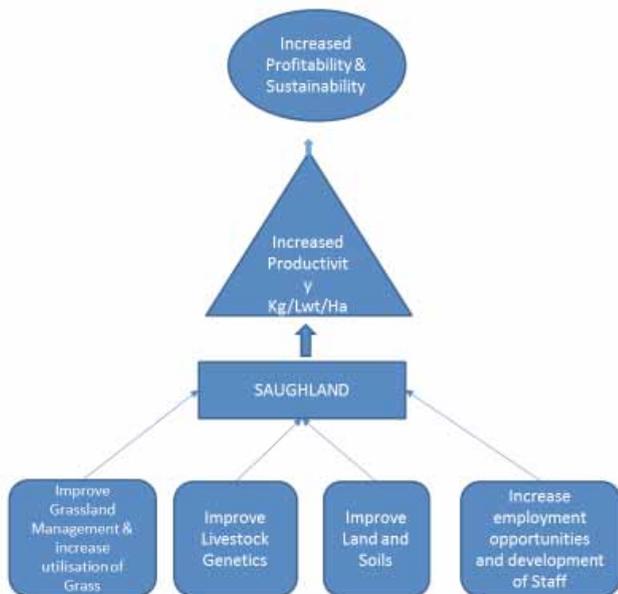


Monitor Farm Update

SAOS is currently facilitating two monitor farms of the nine running across Scotland. Funded by the Knowledge Transfer and Innovation Fund and managed by AHDB and QMS, the aim of a monitor farm is to improve the performance of the host farm over a three year period and, by extension, improve the performance of those who attend meetings. Meeting topics are chosen by the group themselves who are represented by a management group. There are six meetings per year. Facilitators are Stephen Young and Fergus Younger from SAOS, along with Colin MacPhail, an independent consultant.

The Lothians

In a change to standard practice, this in fact covers two farms, Saughland (a beef and sheep unit) and Preston Hall (arable), which belong to different members of the Callander family. One of the key objectives of the project is to investigate the potential for collaboration between the two farms. Both farm managers are very enthusiastic about the potential benefits of mixed farming enterprises while still specialising and maintaining attention to detail.



One of the key things when establishing a monitor farm is for the group to come together with the host farmer and agree a vision for the project, which then guides the topics and themes for discussion.

The livestock vision is **“To increase productivity in a profitable and sustainable system. The group will use the calculation of kg of liveweight produced per ha to measure progress and want to establish the financial benefits of collaborative arrangements with arable farmers.”**



Lothians Monitor Farm Managers, Bill Gray & Pete Eccles

The arable vision is: **“Establishing systems which make the business adaptable and robust to future challenges, ensuring the facilities are fit for purpose in the medium to long-term and that we manage our soils and the environment in a sustainable way.”**



So far there have been four meetings with an average of over 50 attendees, looking at soil health, sheep breed selection, cover crops, livestock/arable collaboration opportunities as well as technical and financial performance of the host farms.



Attendees at the first Borders meeting

The Borders

The monitor farm in the Borders is hosted by the Mitchell family at Denholm, Hawick. A traditional mixed family farm with cattle, sheep and a small amount of arable. The vision is simply:

“Maintaining a profit in a challenging environment”

This will be achieved by:

- Learning as a group
- Dealing with succession
- Being open to change
- Making use of what we have
- Finding alternative incomes
- Benchmarking

So far there have been five meetings with an average attendance of more than 60. Topics have included, soils health, cattle fertility, pre-tupping checks and lamb finishing. Running alongside the project is a benchmarking group which will look in more detail at the success factors of each of the group and look to learn the practical lessons from the financial and technical measures.

initiative supported by:



Celebrating Scotland's Magnificent Food and Drink

For two weeks in September, businesses, chefs, schools and members of the public got behind Scottish Food & Drink Fortnight, a celebration which champions the fantastic food and drink industry and which touches every corner of our country.

Run by Scotland Food & Drink, this year, the Fortnight celebrated all those who are playing their part in showcasing the exceptional Scottish food and drink industry and the 119,000 people working within it.

A focus of the Fortnight was the #onethingfortnight campaign: a challenge to everyone to see if they could change just one thing about the way they engage with Scottish produce. Lots of people joined in, with everything from schools incorporating fresh, local produce into lessons to people pledging to try more of Scotland's diverse seafood.

The history of Scotland's food and drink industry is rich in quality and provenance and with the Fortnight joining in with the celebration of the Year of History, Heritage and Archaeology 2017, it provides an opportunity to reflect on our larder's diverse heritage and on how Scotland earned its reputation as the Land of Food and Drink.

Having reached around a million people throughout the 16-day celebration, organisers have now turned their attention to 2018, which will see Scotland celebrate The Year of Young People and are looking for inspiring stories and inspirational young people who showcase just how accessible and exciting the food and drink industry is, whether it be in terms of offering rewarding careers or providing tasty ingredients or creating nutritional meals.

If you know someone under the age of 26 who has been doing wonderful things within the Scottish food and drink industry, Scotland Food & Drink would love to hear their story. Perhaps they are a young farmer who has grown a business from nowhere, or somebody who works in your restaurant, school canteen or café, perhaps they volunteer at a charity soup kitchen or they share their culinary passion via a blog or on social media? Email your nominations to fortnight@foodanddrink.scot.



Making Innovation Happen

SAOS and Scotland Food & Drink recently won a tender to deliver 'Innovation Insights' as part of the Make Innovation Happen project. Recognising that innovation is critical to Scotland's food and drink sector, Scotland Food & Drink, Scottish Enterprise and Highlands & Islands Enterprise have brought together representatives from across industry, academia and the public sector to create Make Innovation Happen to help simplify innovation support for the sector.

Make Innovation Happen is open to all Scottish food and drink companies, irrespective of size or geography, and can support companies at any stage of their innovation journey.

The project is underpinned by our 'connectors' - people who know about the range of support available. They'll help you tap into what's available from across the public sector and in Scotland - and support you right through your innovation journey.

More information is available at makeinnovationhappen.scot, or call 0300 013 3385 to have a chat about your project idea.

Examples of how Make Innovation Happen can help include:

- Looking to improve or reduce packaging
- Scaling up from kitchen to factory
- Support in responding to consumer trends and regulation
- Investing in technology
- Developing new products for domestic or international markets
- Developing new ways of working
- Reformulating products

Great Glen Challenge

Stephen Young fills us in on SAOS' participation in this year's Great Glen Challenge: "After two SAOS teams took the RSABI Great Glen Challenge 'by storm'(?!) in 2015, SAOS this year took on a supporting role by helping to steward the event. With a record 27 entries and 108 competitors who cycle, kayak, walk and run 46km from Fort Augustus to Fort William, there is a huge amount of work needed to make sure the day runs smoothly, and RSABI handles this expertly.

"After an early start, Anna Robertson, Emma Patterson Taylor, Fergus Younger and I, alongside chairman George Lawrie, took on our roles which included logging start times of walkers, directing cyclists, helping canoeists out of the water and marking out the running course.

"The combined efforts by this year's competing teams have (so far) raised £55,150 for this great cause. Davidson and Robertson Rural were victorious with one of their three teams. Congratulations also go to Tarff Valley whose all-female team included the youngest competitor. It was another great day - well done to all involved."

Over the years, the event has raised well over £200,000 with support from around 450 rural competitors, representing over 100 company teams since being established in 2012. This year's event, was sponsored once again by Ledingham Chalmers, solicitors, and supported by Bank of Scotland, Galbraith, The Scottish Farmer and Royal Bank of Scotland.

SAOS also sent a timely reminder to our member co-ops of how the funds raised can help provide emotional, practical and financial support to individuals and their families across the agricultural sector. If you know anyone who may be in need of some assistance, the RSABI helpline number is **0300 111 4166**.



George Lawrie (centre) and Anna Robertson get the walkers underway

If you have anything to contribute towards future editions of SAOS Update, please contact: jennifer.grant@saos.coop

