Co-ops’ Chance to Voice Their Views on Growth Prospects

Our annual Members’ Day, Conference and Dinner is set to take place on 30th January 2014 at Crieff Hydro Hotel, when the theme for the day will be Growth and Resilience Through Co-operation. In advance of the event, co-ops are being surveyed and asked their opinions on market opportunities, growth prospects and the challenges of innovation. The discussion will take place against the backdrop of booming Scottish food and drink exports, but lethargic growth at farm level as a result of extreme weather in summer and winter 2012/13, volatile commodity markets, credit squeeze, and CAP reform negotiations.

According to SAOS Chief Executive, James Graham: “We aim to address what looks like a disconnection between farming and the rest of the food and drink industry. Farmers’ co-ops have a foot in both sectors, and no one is better placed to take a realistic view of prospects for the next few years. Our pre-conference survey will test the temperature, and enable us to compile views from across the co-ops that we can feed back and discuss on conference day. We don’t want to see Scotland forego growth market opportunities and we believe that co-operation is the key to linking farm innovation with supply chain and market development.”

Opportunities for Red Meat and Dairy

Jim McLaren, Chairman of Quality Meat Scotland will give his perspective of market opportunities. Speaking in November Mr McLaren said: “This week we have seen the re-opening of the USA market to Scotch Beef and the fact is that doors are now opening for Scotch Beef and Scotch Lamb in a range of exciting markets”, and referring to production research he urged farmers to “take a leap forward in their adoption of already proven solutions.”

Stephen Faulkner, First Milk, is at the ‘coal face’ of new product launches and new market development and will describe First Milk’s ambitions and achievements. Speaking in September, retiring First Milk chairman Bill Mustoe said to members: “The reason we’re so focussed on innovation whether that’s new products, new areas of the market or expanding our exports, is quite simple - it’s the way we add more value to your milk.”

Innovation and Exports

Ian Watson, Chairman of FarmStock Scotland, will pick up the theme of innovation in the lamb sector, describing work FarmStock has undertaken to try to improve value at farm level. And Mark Clark, MD of Grampian Growers, will provide an insight into the extraordinary export achievements of bulbs and seed potatoes by his co-op, and exactly how these have been achieved.

Co-op Growth in the USA

Special guest for the day will be Fabio Chaddad, Assistant Professor in agriculture and economics at the University of Missouri in the USA. Fabio is a global expert on farmers’ co-ops, with special knowledge of those in North and South America. He will provide a perspective on their growth strategies.

What’s your opinion? Please fill in the enclosed survey on ‘Growth and Resilience Through Co-operation’

Your opinions will be of huge benefit to us in preparing relevant content for the conference
Credit Union Survey Starts at Conference
Credit union survey and development work is getting under way in earnest, after confirmation in November that SAOS and Aberdeen University had been awarded a Knowledge Transfer Partnership grant for a 30 month project, employing the full-time services of a Masters graduate.

Delegates attending the SAOS Members’ Day and Conference at Crieff Hydro will be invited to answer a series of easy questions using an iPad app, with iPads being passed around during the event.

James Graham, SAOS Chief Executive, explained: “The message from earlier this year was clear. It’s time to consider forming a credit union through which farming families and rural businesses can deposit savings or short term cash at a reasonable interest rate, enabling others in the farming industry to borrow money for their own business. We could manage some flows of monies within and amongst the farming and rural community as they do in farm credit unions in Canada and elsewhere.”

Stephen Young, SAOS Project Manager, added: “This survey is a first step pilot, ahead of a Scotland-wide survey, so we need as many of our conference delegates as possible to participate during the course of the event at Crieff. The findings will feed in to our project to develop detailed plans to form a credit union for farmers, their families and other rural businesses across Scotland.”

James continued: “Securing adequate resources to take the project forward was essential. A full time KTP Associate and the academic experience and rigour of Aberdeen University sets us up perfectly to take on the challenges and ambition of this project.”

Dairy Industry review recommendations get full endorsement
In our September issue we looked at the dairy review report, which had recently been published. We asked James Withers, Chief Executive of Scotland Food & Drink, about the next steps, following the full endorsement of the recommendations by Cabinet Secretary, Richard Lochhead.

James told us: “The quality of our natural larder is the envy of the world and Scotland is increasingly recognised as a Land of Food and Drink for this reason. With an industry turnover target of £16.5bn by 2017, £7bn of this from exports, the contribution of the dairy sector will be crucial. We have the quality of products and the talent of individuals in the supply chain - and there is now a collective ambition to rally around.

“We really need a step change in Scotland’s dairy sector and I am convinced it has a bright future with opportunities in added value and export markets. The industry’s commitment to ‘Ambition 2025’ is key to its future growth and success and the plan is fully backed by the Scottish Government. The Cabinet Secretary, Richard Lochhead, hopes to have a Chair for the Scottish Dairy Growth Board appointed very shortly. He has also announced funding for the Scottish Dairy Bureau, one of the key recommendations and an important step towards improving access to advice and training on farm.

“All of this helps build positive momentum in the sector, allowing it to expand over the next 10-12 years and capitalise on clear market opportunities.”
Planning for Profit initiative

A new project aimed at assisting farmers to ensure their businesses are well-placed to operate profitably in the face of reduced support payments, was launched last month.

The initiative, supported by the Scottish Government's Skills Development Scheme, QMS and NFU Scotland, will be rolled out Scotland-wide over the next 18 months. Delivered by SAOS, SAC Consulting (part of Scotland’s Rural College) and agricultural consultant, Peter Cook, the initiative kicks off with the start of a series of roadshows around Scotland.

The project is focussed on optimising the profitability and competitiveness of livestock and mixed farms, particularly in the face of reduced support payments following the CAP restructure which may result in a significant reduction in income for some. “Planning for Profit” aims to encourage farmers to re-tune their businesses in response to CAP reform and a key objective will be to provide a structured approach for farm business planning.

Rural Affairs Secretary Richard Lochhead said: “I’m right behind this initiative and would strongly encourage all livestock farmers to attend these events to enable them to review their current management systems and make a step change towards securing a sustainable, profitable future for their businesses which provide the raw materials that drive the continued success of our food and drink industry. I am pleased to provide funding support to the Planning for Profit programme at such an important time for the livestock industry.”

Key to the project is the production of a new ‘Reference Guide’ which will give examples of best practice including practical, workable case studies and ideas about what is possible to adapt systems and plan for the future.

Jim Booth of SAOS commented: “Planning for Profit is not just a response to CAP reform, it is also a great opportunity for farmers to think about the future and how they grow their businesses. There’s a real need to improve our farm productivity to increase our competitiveness, and Planning for Profit will provide farmers with the opportunity to replan their businesses.”

The roadshows in December and January will be followed by a series of farm visits and workshops and these will involve farmers who have already successfully introduced changes to improve their farms’ performance.

The forthcoming Planning for Profit Roadshow dates are:

- Tuesday 21st January 2014 – Lochside Hotel, New Cumnock
- Thursday 23rd January 2014 – Dewar’s Ice Rink, Perth
- Wednesday 12th February 2014 – Thistle Hotel, Inverness

Booking is essential for each roadshow - contact Kirsty at QMS on 0131 472 4040 or email info@qmscotland.co.uk with your name, address and telephone number, stating which of the roadshows you would like to attend. Each roadshow starts at 10.30am and finishes at approximately at 3pm. A free lunch is included at each workshop.

Past year saw strong results and staff changes for BMR

Chairman, Guy Lee, reported on “an excellent year” for Borders Machinery Ring at their AGM in October. Despite a reduced turnover, down £800,000 on the previous year to £5.7m, the ring showed a net profit of £79,000 (up from £28,000 in 2011/12). He said this was a clear demonstration of how focussed the management were on running an efficient and effective business. One of the key contributors to the profit was renewable installations, mostly PV, which has seen considerable growth and earned £36,000 for the co-op. Guy reported that although the interest in PV and wind may have peaked, they were getting enquiries about Biomass and he felt that these held long term benefits for the ring with the potential supply of fuel all the way down the chain.

Guy reported that membership numbers are up to 874, well on the way to their target of 1000 by 2020. He said that although the previous core business of member to member contracting has declined over the years as farms have grown, this has been replaced by growth in the sourcing of labour, supply of commodities and provision of utilities.

The ring saw a number of staff changes in the year, most recently with the addition of Paul Boobyer whose experience in forestry promises to be a great asset in developing the opportunities for Biomass. Sarah Calder has also joined in accounts and admin. Guy thanked the whole staff team and gave special mention to the fact that Michael Bayne had now been with BMR for 15 years and praised his dedication and commitment, without which he felt BMR would not be the respected and efficient business it is today. In closing Guy thanked his directors, particularly John Seed and Alastair Lang who were retiring from the Board.
Ringlink Internship scheme moves towards second phase

At Ringlink’s AGM last month, member Eric Learmonth gave his experiences of employing an intern through the ring’s scheme.

Eric had regularly employed part-time staff before but had found drawbacks, so he was happy to get involved. He says: “Without the Ringlink Scheme, I would not have been prepared to employ a school leaver unless they were already competent workers who had worked on farms before leaving school. Our intern, Andrew, had no agricultural experience, but was keen to work in the countryside. It soon became clear that what he lacked in experience he made up for with enthusiasm and willingness to learn. He’s not afraid to get his hands dirty and enjoys the wide variety of work involved on a mixed farm”.

At the time of the AGM, Andrew had been on the farm for four months, and Eric reported, “It’s very satisfying to see the benefits of his training: he is now a competent tractor driver, having passed his tractor test and a telescopic forklift training course. But it’s with cattle that Andrew shows real promise - he is competent and calm, with a good eye for stock and has the makings of a first class stockman.”

Graham Bruce reported that the scheme has been a huge learning curve for all involved, but feedback from mentors and interns has been very positive. It looked likely at the AGM that the majority of the interns would be offered full time employment at the end of this stage of the scheme, which is a fantastic result.

Graham added: “This outcome has given us the impetus to expand the programme into phase two with the intention to increase the number of interns to twelve. Programmes like this require a huge resource in management time which Ringlink will continue to provide, and funding for phase two will consist of the carryover from the initial £50,000 funds from Aberdeenshire Council, together with the additional funding received from the NFUS Centenary Trust (£15,000), Agriscot (£2,000) and the Royal Northern Agricultural Society.

“Ringlink is extremely grateful for the support received for such an important and worthwhile project and we hope to develop the project further into a nationally recognised scheme. One of our biggest challenges lies in doubling the numbers for next year, which will mean finding double the opportunities for the interns - if you can help and want to make a real difference to our industry, please get in touch.”

Ringlink goes ‘from a standing start to a £42.72m turnover’ in 25 years

Andrew Moir’s recent Chairman’s report to their AGM celebrated the fact that the ring had come a long way since they were established in 1988. Their business throughput was up again, with a 9.3% increase on last year. The rings’ Service Company also had £3.7 million of turnover which consists mainly of Labour and Training provision, giving the Ringlink Group an overall turnover of £46.42 million in the 25th year of trading. During the year 6813 Trainees attend courses.

Also in the year, Ringlink asked SAOS to conduct an independent survey of members. They received a total of 313 responses - equating to 14% of members. Jim Booth, who conducted the survey, commented: “Members assessed Ringlink’s overall business and member service very highly (the overall average score was 8.6 out of 10). There was an overwhelming endorsement that the ring is doing a great job.

“Without taking members for granted, the survey provided real evidence that Ringlink’s members are very satisfied with their co-op. It was interesting to note that the non-business benefits of membership were also valued by members. Ringlink provides an important role in providing information, advice and contacts – as members put it - ‘it’s a one stop shop’.”

Sourcing for Growth update

The Sourcing for Growth Project, which SAOS launched earlier this year with backing from Scottish Government, aims to help match companies with suppliers of Scottish produce and ingredients, and encourage industry colleagues to work together to share resources and the expertise they’ve built up.

Speaking on the launch of the new website www.sourcingforgrowth.co.uk, Alan Stevenson, Supply Chain Development Director for SAOS, commented: “We’ve already had a great start to the initiative with over 80 requests for support in the first few months. Companies and suppliers are genuinely looking for better ways to do business and to build on the provenance of high quality Scottish products. The addition of this online platform will ensure everyone can easily access the project and its resources.”

The Sourcing For Growth website provides a simple way to post a request for, or an offer to supply produce, or that spare resource that could be utilised by another company.

On the site, companies and producers can find ‘Wanted’ and ‘Offered’ listings, for products, resources and expertise, making it easy to see whether there’s anything that may be of benefit to them. Likewise, if businesses have a request or want to offer something, they can fill out the simple online form and we’ll take it from there.

All information is treated in confidence, and companies can be reassured that their names and contact details will not be posted online. James Withers, Chief Executive of Scotland Food & Drink, commented: “This is a really valuable tool in helping the Scottish Food and Drink Sector achieve our new industry targets of £16.5billion turnover by 2017. Using as much of our Scottish produce as possible and reducing costs will help add real value in existing and emerging UK and export markets.”

If Scotland produces it, we’d like to help you find it. Log on and sign up for our newsletter to be kept up to date on what’s around, let us know what you’re looking for and follow us on Twitter @source4growth, for the very latest updates. For more information go to www.sourcingforgrowth.co.uk
Unlock the potential in your supply chain

The Market Driven Supply Chain (MDSC) project, launched this month by Cabinet Secretay, Richard Lochhead, aims to help Scottish food and drink companies build stronger and better supply chains that can exploit export and UK market opportunities. Buyers are much more sophisticated these days and require assurance that the products they order will arrive on time and in the correct specification. Equally, companies have to ensure they can achieve that ambition efficiently and profitably by understanding all the aspects of the supply chain and the market routes to their customers.

The MDSC Project will be run by SAOS over the next three years and has set priorities to engage with food and drink supply chains to exploit opportunities both in international and UK markets. The aim is to build supply chain capability in both these markets and to help develop and implement practical, robust solutions that lead to aggregate increases in turnover of £6m for each objective.

The project offers support across the Scottish food and drink sector, with expertise targeted where it is needed, to unlock barriers to potential growth. This will include working with sector-based collaborative projects and individual company chains. The support could target whole chains, from primary producer to end market; it may focus on one particular, problematic link in the chain; or it may help develop a collaborative solution with a group of companies to share costs or achieve scale.

To gain support, projects must be:

• Market-led
• Innovative and transformational
• Adding value
• Potentially operating at multi-level or targeting specific barriers within a supply chain (vertical or horizontal)
• Contributing to the Scottish Food & Drink strategy of premium, health and provenance
• Contributing to the international or UK market priorities

The project, managed by Scottish Enterprise and delivered by SAOS, has a team of highly experienced supply chain specialists who offer expertise in all aspects of market driven supply chains. The MDSC team will help participating supply chains map out the issues and the solutions within those chains, developing action plans and working intensively with the participants to deliver successful market-driven outcomes.

Alan Stevenson, who leads the project for SAOS, commented: “Being market-driven means you have to look inwardly at your supply chain just as much as it entails looking outwardly at the market. You have to ensure you have the capability to deliver effectively time after time. If you are seriously interested in making positive change and looking for help and creative solutions to remove barriers to access challenging market led opportunities, then within the project we have the skills and expertise you need to help you unlock the potential value within your supply chain.”

For more information contact rona.sutherland@saos.coop - tel: 07855 790749 or hamish.walls@saos.coop - tel: 07836 679901

First Milk and Adams Foods enter ‘long term strategic partnership’

First Milk and Adams Foods announced early in November that they have entered into a partnership which will see the packing and marketing of some 50,000 tonnes of branded cheddars produced at the co-op’s Lake District and Haverfordwest creameries transferred to the Adams’ ‘best-in-class’ facility at Leek in Staffordshire.

In a statement, the boards of both First Milk and Adams Foods said that the partnership would establish “a fully integrated supply chain for hard cheese in the UK retail, foodservice and wholesale sectors through harnessing the complementary resources, skills and experience of both companies”.

First Milk will, however, continue to manage the sales and marketing of its cheddars to export markets.

The statement stressed that the co-op would receive a ‘competitive’ price for the cheese, with the partnership also facilitating significant additional investment at First Milk’s creameries to ensure that they are amongst the best in the UK dairy industry.

A key benefit for First Milk is that, by securing a sustainable, long-term outlet for the majority of its hard cheese, its resources will be freed to put more commercial focus on brand development outside cheddar.

For Adams, it will reinforce its position as a leading supplier of both British and Irish cheese in the UK, and build upon its existing supply relationships with British cheese makers such as Parkham Farms and South Caernarfon Creameries.

First Milk Chief Executive, Kate Allum, commented: “This partnership is directly in line with our strategic objective of adding value and delivering a sustainable future for our farmers. It not only enables us to work with a partner to deliver a short, integrated supply chain, but most importantly guarantees secure returns for our members’ milk.

“Additionally, it will provide a platform for us to focus more of our time and resources on priority growth areas like brand development, lifestyle nutrition and exports.”

Adams Foods Chief Executive, Ian Toal, commented: “This announcement is a further important move towards our strategic vision of becoming one of the leading suppliers of cheese in the UK and will increase our turnover to in excess of £500 million.

“It demonstrates our continued commitment to supporting the UK cheese market and to meeting the needs of our growing customer base. It represents a further major investment in building the market for both British and Irish sourced cheese, over and above the £60 million we have already invested in the business, including our state of the art packing facility in Leek and our recently opened innovation centre.”
**Island abattoirs project receives welcome support**

Seven of Scotland’s island abattoirs are to benefit from a new attempt to improve their economic viability and business resilience, thanks to funding and support from The Prince’s Countryside Fund and the Scottish Government. The Sustaining Island Abattoirs in Scotland project will help to secure the future of facilities in Barra, Shetland, Orkney, Islay, Mull, Lewis, and North Uist.

Small abattoir facilities are important parts of often fragile rural communities. They enable local agriculture businesses to capture local economic benefits and help sustain the outstanding island environment, as well as providing local food provenance for the tourism industry. However, increasing costs and regulation have threatened the existence of abattoirs in areas which are often economically vulnerable.

The Prince has long been convinced of the importance of retaining island facilities and, with support from his Countryside Fund, this three year project is being delivered in partnership with the abattoirs by SAOS and Scottish Business in the Community. The main, initial focus will be securing business support to develop more sustainable businesses models. David Stewart is the new Business Support Manager for the project and, with support from the Advisory Board, will bring in expertise to help each facility. The project is addressing some of the major issues facing the abattoirs by providing:

- Funds for improvements
- Specialist business mentoring support
- Development of the market opportunities
- Support for staff training and apprenticeships
- Marketing initiatives to drive sustainable throughput

Along with the benefits to abattoirs, an estimated 20% of all the farm businesses - 2,162 holdings on the islands - will benefit directly from this project, and fifteen young people will be offered improved skills and job opportunities. Environmental impacts and animal welfare will also see improvements.

His Royal Highness said: “I have always passionately believed in the importance of sustaining our rural communities and these facilities are vital for the local agricultural businesses and economy. It allows farmers and crofters to add value to their produce, tourism providers to promote local provenance and local people to have local food. It is my strong belief that with the generous assistance of the Scottish Government, these businesses can not only have a sustainable future, but can at last help capture the increased consumer demand for traceable, authentic and quality UK meat. I am delighted that two of my charities, The Countryside Fund and Scottish Business in the Community have been able to support this project and I look forward to seeing a real, lasting difference.”

Fergus Younger of SAOS, who has been involved with the project since its conception, added: “We’re very grateful that these funders have recognised the difficulties faced in these areas and we are looking forward to working with the island communities to help safeguard the future of these island abattoirs.”

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**Report calls for more co-operation in the sheep industry supply chain**

The Scottish sheep sector could reap huge benefits from a greater degree of co-ordination and co-operation throughout the supply chain, according to a FarmStock Scotland report published last month.

The application of ‘lean thinking’, a management technique developed by car manufacturers Toyota and widely used in the manufacturing sector, could help identify and eliminate bottlenecks that currently penalise producers, hauliers, processors and retailers.

The project study, which looked at identifying opportunities for FarmStock members to add value, reduce waste and become more competitive and profitable, was funded by QMS with work being carried out by SAOS and the Scottish Manufacturing Advisory Service.

Farm Stock’s supply chain was reviewed in the initial stages of the study to help identify typical bottlenecks and inefficiencies.

The report stated that one major impediment to better returns was the opportunistic and adversarial trading model, which saw each part of the supply chain interested only in achieving the best outcome for itself. The result was that every link of the chain was now struggling to make a margin.

Ian Watson, chairman of Farm Stock, said there were real opportunities for better co-ordination, adding that a lot of individual businesses might be using ‘lean thinking’ techniques for themselves but these failed to pick up on the advantages of linking up with others in the chain. “Our view is that, on average, the supply chain can save at least £10 per lamb through better marketing and the removal of waste and inefficiencies in the whole process from drafting on farm right through to the retailer,” he said.

Hamish Walls of SAOS added: “The project highlighted a variety of different issues which farmers have the opportunities to work on to help improve efficiency. There is a real need for better communication within the chain and more understanding of each other’s needs.”

The hope is that three working groups can be formed within the Farmstock federal organisation of smaller co-ops to follow up on these recommendations.
**ScotEID - the Scottish livestock industry’s all-species database**

SAOS works with the Scottish Government and the Scottish livestock industry as managers of ScotEID, which researches and develops livestock movement data systems and electronic identification (EID). The research work is motivated by existing and proposed EU regulation relating to sheep and cattle, but primarily to trace livestock movements between holdings in real time to minimise standstill in the event of any disease outbreak.

To date, ScotEID has recorded and holds information on 1.6 million lots of sheep movements with 11 million individual sheep ID’s, 2.6 million individual pig movements and over 20k BVD test results, along with all cattle ID’s in Scotland. ScotEID can provide individual livestock movement history relating to any holding or holdings immediately on request.

SAOS’ expertise has been used since the outset of the research in 2008 to encourage pro-active engagement with all of the industry players to conceptualise, design, launch, test and now operate the ScotEID system. Unlike most other EID research projects in Europe, a large number of partner farms, marts and abattoirs are involved in testing and developing hardware, software and procedures under a variety of challenging conditions.

ScotEID has few, if any, international parallels of recording multiple farm species within a single relational database. The feasibility of using the data systems for a variety of potential purposes has yet to be fully explored such as the disease control benefits, and the potential to share information along supply chains may offer quality assurance and production efficiency gains.

SAOS is exploring such potential with the industry, whilst crucially paying attention to protocols for the processing, sharing, control, and protection of data. The main challenge is that it will require excellent governance arrangements, with the principal of the industry having ‘data control in common’ with Scottish Government to maintain industry trust and ensure the data can be used to support the Scottish livestock industry compete with others.

In particular, dialogue amongst the livestock industry and Government will be needed to agree the legitimate uses of data, such as statutory reporting and inspection, food chain quality assurance, and academic analysis of disease. SAOS is exploring the means for ScotEID to support different uses and the overall benefits that can be gained by treating the data as an industry and government shared resource.

For more information contact Bob Yuill – bob@saos.coop

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**Anna moves from ScotEID to SAOS**

SAOS warmly welcomes Anna Robertson who has joined the team, moving from the ScotEID team in the Huntly office. Anna joined ScotEID four years ago when she was just 19 and studying for her agriculture degree at Craibstone. Anna started work at the Huntly office for one day a week during term time and then providing holiday cover.

After graduating, Anna joined the Huntly office full-time, just in time to deal with the extra burden of cattle BVD. Anna has also been closely involved with developing and managing the various procedures for the Huntly office’s ISO quality management.

Anna lives at the family farm at Rothiemay just north of Huntly. Her new role will include providing a conduit between the project management teams and the Huntly office, where the Huntly office provides administration support to projects. Anna will also provide direct project support.

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**Going Places with Scotland’s food and drink industry - A Scotland’s Cities Global Excellence Conference**

Save the date - 5 March 2014, Perth Concert Hall. Scotland Food & Drink’s AGM will form part of the conference. Conference tickets on sale through Eventbrite January 2014.

For further information contact Suzanne Cumiskey, Perth and Kinross Council, Planning and Regeneration by email: scumiskey@pkc.gov.uk, or phone 01738 475731 or 07834 640237

Also in January, entries will open for the Scotland Food & Drink Excellence Awards 2014. The event, run jointly by Scotland Food & Drink and the Royal Highland and Agricultural Society of Scotland, 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.

Further details on the awards will be available shortly from www.scotlandfoodanddrink.org
Co-op ‘Back to Basics’ 3 - Governance: a new code for agricultural co-ops

When asked for the critical success factors of co-operatives, good governance practice rightly emerges as the most important of all. But what exactly is meant by governance?

There are many definitions of corporate governance, but very few of co-operative governance. The distinction matters because the underlying principles, and several of the practices, differ from those found in typical investor companies and their codes. Here is an attempt at a definition of co-operative governance - heavily paraphrasing Dr M Karthikeyan (Asst. Professor of Co-operative Management at Ambo University, Ethiopia):

“Co-operative governance is a democratic, self-management system, based on and complying with the purpose, principles and values of the co-operative through appropriate organisational structures, member participation mechanisms, and conducive culture.”

A simple analogy can be made with the human body to illustrate how important good governance is. When a human body is fully healthy and functioning properly, its performance is maximised. It’s an inter-dependent system. But if any part of the body is not functioning or is unhealthy, it depresses performance as a whole and can lead ultimately to more serious health problems. Co-operative governance is similar in that the co-op (an association of people) must operate properly with members, directors, and managers all discharging their responsibilities and making their full contribution for the whole to perform to its potential. If any part does not function properly, the co-op’s performance will suffer, be less resilient, and may in extreme circumstances fail. The ‘life-blood’ of co-operative governance is effective communication channels amongst all tiers of members and managers, and each fulfilling their respective roles.

Fortunately, guidance to establishing good governance will become much easier in Spring 2014, when SAOS and Co-operatives UK jointly publish the first fully comprehensive UK Corporate Governance Code for Agricultural Co-operatives. This code has been produced over recent months by SAOS and Co-ops UK, drawing input from several SAOS members.

The code provides a series of ‘high level principles’ to which all co-ops should conform, and a series of ‘supporting principles’ and ‘specific provisions’ that would apply, depending on the size and complexity of a co-op. Sections of the code will deal with principles and provisions for member democracy, the roles of member councils, directors, the chairman, the chief executive, sub-committees, the secretary, and the annual report. Providing for and practising effective communication and participation underpins the code. The aim is to ensure the entire co-op is ‘healthy’.

External guidance and assessment compliance evaluation will be available following the launch of the code.

Details of the launch date and copies of the code will be available via www.saos.coop.

Now showing - have you caught our ‘Co-op Shorts’?

Over the last few months, SAOS has been working with some of our member co-ops to produce a series of ‘Co-op Shorts’ videos.

These have been created by interviewing members and staff within the co-ops to get a flavour of how the co-op works for its members and what members see as the benefits to their businesses.

The first film we made was with Aberdeen Grain, since then we’ve also completed Co-op Shorts on Tayforth Machinery Ring, Tarff Valley and Lewis Crofters. Currently in the ‘editing suite’ is the latest which we did recently with Grampian Growers.

The films are hosted together on our own YouTube channel - simply go to youtube.com and key in ‘SAOS - Scottish Farmer Co-ops’ and you can see them all there.

Thanks to everyone for their help with this so far and if you’d like to get involved or have any comments do let us know.

Contact: jennifer.grant@saos.coop

Sign up for SAOS ENEWS!

Thanks to those who have already signed up for our SAOS ENEWS email newsletter - you’ll have already received your pre-conference questionnaire link through this.

We hope to issue the first edition in the next few weeks as another way keep members and interested parties up to date with SAOS and co-op news and information of interest.

It will be short and concise and, where appropriate, there will be links to longer articles on our website, but wherever possible we’ll give you the story in a nutshell.

There are many directors of co-ops that we do not have email addresses for, as well as interested parties outwith our co-op members, so if you haven’t already heard from us, and you would like to receive our ENEWS newsletter, please let us know by emailing jennifer.grant@saos.coop

Please also follow us on Twitter: @scottish_coops

And finally...

Everyone at SAOS would like to wish all our readers a very merry Christmas and best wishes for a happy New Year.

Please send any contributions or comments on SAOS update to: jennifer.grant@saos.coop