

SAOS update

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

Dec 2014



Leadership - "The capacity to translate vision into reality"

SAOS conference to highlight leadership challenges and skills

Make sure to book your place at the SAOS Conference taking place on 29th January 2015 at Crieff Hydro Hotel to hear from our line-up of top speakers on the need for, experiences of, and skills required of, agricultural co-op leaders.

Erik Bredholt, Chairman of Danish Crown, Pat Machray OBE, Chief Executive of ANM Group and Trevor Lockhart, Chief Executive of Fane Valley, all lead successful, complex co-op businesses that have adapted to changing farmer member needs and market opportunities over the years. They will share experiences and insights from their respective co-ops, preceded by a presentation of newly-published research from the specialist Paris based PWC agricultural co-op team on megatrends in agriculture and the implications for co-op businesses. Either Yves Pelle or Sebastien Murbach will join us at Crieff.

Gail Ellis of Greenburn Associates will kick off our Question Time session by sharing her extensive HR professional experience of leadership and the changes in leadership styles and skills that have taken place in recent years and are today necessary for leadership effectiveness. She will be joined on the Question Time panel by Nigel Miller, President, NFU Scotland, David Mitchell, Non-executive Director, SAOS and James Withers, Chief Executive of Scotland Food & Drink. The session will be chaired by Ken Rundle.

James Graham, SAOS Chief Executive, comments: "It's surprising that although there are sufficient quotes about leadership to fill an encyclopaedia, there is no single agreed definition of what it is. All the more so, given the general belief that most of what happens in business and society is conceived and delivered as a consequence of effective leadership. I expect our guest speakers at the conference will demonstrate that there are many effective leadership styles, and that different styles may be required according to the circumstances prevailing at the time."

James adds: "Although some still see leaders as defined by having 'followers', it has never been better understood that collective approaches to leadership are critically important in the most productive and enduring businesses, including co-ops. This is most apparent in the boardroom,

where a balanced dynamic of skills, styles and experiences is essential to provide the creativity, scrutiny, checks and balances that generate best results. When businesses fail, it is quite typical to find that the leadership practised in the board room was dysfunctional in some way".

Morning forums

Credit Union research findings – James Graham will present key findings from the research into the potential need for a new finance intermediary in rural Scotland. What did respondents say? What is needed? What are the alternatives that could be pursued? Come and participate. We need your views. The research was carried out in a Knowledge Transfer Partnership with Aberdeen University.

Young leaders – continuing our 'next generation' theme and part of our strategy for increasing participation by future leaders of our co-ops, this session will showcase successful young leaders and examine co-op strategies for future leaders. Anna Robertson, Emma Patterson Taylor and Stephen Young of SAOS will run the workshop.



In this issue:

Book now for
SAOS Conference
29 Jan 2015

Great reviews for new
Management Training
course

Member co-ops'
results and news

First group experiences new Management in Practice Training Course

Our new two-day training course aimed at “tomorrow’s managers” was held for the first time in November and saw an enthusiastic group from co-ops all over the country take part. The course was designed to enable participants to build their understanding of co-ops and their related issues and challenges. The delegates also found the experience particularly useful as a forum to share ideas and experiences with the group coming from a range of co-ops.

The training was facilitated by Jim Booth, with additional sessions from James Graham and Bob Yuill. Feedback from the event has been great with everything rated either ‘very good’ or ‘excellent’. The highest ratings were for the event organisation overall and the two external speakers. A key aspect of the training, the guest speakers’ contributions were on ‘the role of the Chairman’ from Gareth Baird and ‘Business is simple so why do people insist on making it complicated’ by Pat Machray OBE.

Most of the participants are pictured above, flanked by Jim Booth (far left) and Pat Machray (far right).



The full list of participants who took part is: Alick Anderson and Ryan Dorsie – Ringlink; Janelle Anderson – Aberdeen Grain; Laura Brown - Orkney Business Ring; Colin Dargie – East of Scotland Farmers, Jill Dickson - Borders Machinery Ring; Lynne Ferguson and Mark Walker - Tayforth Machinery Ring, Josie Forth – ScotEID Information Centre, Mark Hall – North East Grains, Alan Hutcheon and Avril McLeod – ANM Group; Sandy McGowan – Grampian Growers; Andrew Orr – East of Scotland Growers, Ian Paterson – Carnan Stores Ltd, Emma Patterson-Taylor and Anna Robertson – SAOS; Louise Todd - Caithness Machinery Ring; Lynne Zimmerman – Angus Cereals.

The course will be run again on 25/26 November 2015. Several people have already booked up and places are limited to twenty. To note your interest, please contact anna.robertson@saos.coop

Scottish Craft Distillers receive Community Food Fund award of nearly £18k

Recent winners in the latest round of Community Food Fund grants for local food and drink initiatives, the Scottish Craft Distillers Association (SCDA) is a great example of how industry, academia and government organisations can work together to bring about change and innovation to a very traditional and well-established sector in Scotland.

Part of the Think Local Project, the CFF supports projects and events around Scotland that encourage people to appreciate and access local produce. The SCDA is a collaboration between craft distillers, the International Centre for Brewing and Distilling at Heriot-Watt University, Interface Food & Drink, SAOS, Scottish Enterprise (Market Driven Supply Chains), the Scottish Government (Think Local) and, most recently, Perth and Kinross Council.

The aim of the Scottish Craft Distillers Association is to encourage the growth of craft distilling in Scotland by assisting the development of member companies – their key aims are promotion, representation, innovation, market development, accreditation and engaging groups with common interests.

Douglas Watson, who represents SAOS on the Think Local project and also on the Market Driven Supply Chain project, both of which have been helping the group, commented: “The appreciation of the role of local food in our communities continues to grow and there’s been real enthusiasm for the Community Food Fund as a way to encourage groups to look at other ways of engaging local communities with top quality produce. It’s great to see such a wide range of projects getting support in this way.”

The group was awarded the CFF funding to run four network events for Scottish craft distillers and related distilling interests. The first event was focussed on bio energy related to spirit distillation. Subsequent events include distillation of Scottish fruit, micro maltings, collaborative marketing and promotion of products. The funding will also be used develop SCDA’s branding and awareness, and develop wider recognition of the group’s purpose and profile. The distillers in the association are:

Strathearn Distillery
Glasgow Distillery
Ogilvy Distillers
Shetland Distillery
Dunnet Bay Distillers
Glenshee Craft Distillers
Borders Distilling Company

Drimnin Distillery
Durham Distillery
Edinburgh Gin Distillery
Isle of Harris Distillers
Kingsbarns Distillery
Eden Mill Distillery
The Three Stills Company

GlenWyvis Distillery
Arbikie Distilling
BrewDog
Summerhall Distillery
Dark Matter Distillers
Lindores Abbey Distillery
Royal Burgh of Nairn Distillery

Find out more about Think Local at www.thinklocalscotland.co.uk or for information on the Community Food Fund grants, go to: www.communityfoodfund.co.uk



BMR in “good financial shape”

BMR Chairman, Guy Lee, reported to their AGM in November that, after last year’s record profits, the year ending 30 April had been more in line with previous years for BMR and that the ring “is in very good financial shape with over £300,000 on the balance sheet”. He added that with almost 900 members the co-op is very well supported through the Borders as well as North Northumberland and the Lothians. However an analysis of the turnover of individual members revealed that there are a large number who are not taking best advantage of the benefits BMR can bring to their business. He told the assembled members: “I came across a good example yesterday of a neighbour who was looking for best price for shotgun cartridges (not a product the ring boasts about supplying), he rang his normal supplier who said he could get the same cartridges at a better price through BMR’s arrangement with Anglia Farmers than they could supply at and they make the things!! Wherever you buy from, please allow BMR to, at least, quote for your requirements, it is easy, competitive and you may be surprised.”

Guy reported that, in their Renewable Energy projects the interest has switched from PV Solar to Biomass and with their partners, Renew Green Energy, well over one megawatt of heat output had been installed on members’ farms. (See the report below on the new AD plant at St Boswells which promises additional new opportunities for BMR members.)

Guy closed by thanking the board, with particularly mention for Alastair Cranston who stepped down earlier in the year, having been involved with the ring from its inception. He said: “First as founder manager, and then as a Director, Alastair’s unfailing support for the Ring concept and his vivid imagination never stopped challenging us with ideas and opportunities. Thank you Alastair for all you have done.”

St Boswells AD plant brings new opportunities for BMR members

St Boswells will be home to an anaerobic digestion (AD) plant by the end of February next year if work goes to plan. Operators Biogas Power and Waverley Farm Contracts (WFCL) expect the plant to produce three million cubic metres of bio-methane a year from farm-based feedstock, which will be injected into the local gas main.

WFCL is providing the feedstock, their director Trevor Jackson said: “We are working with local farmers, contractors, suppliers and the Borders Machinery Ring (BMR) to deliver this new market development in the Borders and create an element of longer term price stability in the local agricultural market.”

Michael Bayne, BMR Manager commented: “This is a new opportunity for our farmer and contractor members, providing an additional outlet for their crops, helping reduce risk in an increasingly volatile market. Feedstock requirements for the plant will in some cases give farmers the option of growing new crop in their rotation helping to meet the new three crop rule under the new CAP changes.”

The plant will also produce nutrient-rich digestate to be returned to the supply land annually to support crop yield and improve soil structure. This project is funded by Iona Capital Limited and the local plant is Iona’s eleventh AD project in the UK and its second gas to grid facility.

Profits up for ACT

National farmer-owned agricultural supply co-op, ACT, which has one of its six UK operating centres in Turriff, saw turnover slip back from £121 million to £116 million but profits for the past year are up from £1.7 million to £2 million.

As a result, the year-end bonus to shareholders is being increased from 0.8% to 1% representing a total profit distribution of £918,000 compared to £763,000 in 2013. Turnover in Scotland fell by £1m to £27m.

Managing Director, John Hamilton, said feed and fuel demand suffered because of a much milder winter and spring compared with the previous year. But he added: “This was more than compensated for by a record year for fertiliser sales, confirming the company as a major distributor into the UK market. Average fertiliser prices were £30/tonne less than the previous year which, together with reduced feed and fuel demand, explains the reduction in turnover.”

New venue for Scotland Food & Drink Excellence Awards 2015

Selling out in record time each year, the ‘Oscars’ of the food and drink industry in Scotland will be held at the National Museum of Scotland in Edinburgh on Wednesday 27th May 2015.

Entries will open in January. The event, run jointly by Scotland Food & Drink and the Royal Highland and Agricultural Society of Scotland, has been recognising and rewarding the very best in Scottish food and drink for several years and winning is considered a true badge of excellence.

Once again, SAOS will be sponsoring the award for “Success Through Partnership” which was won in 2014 by FAO 27. Rona Sutherland of SAOS, who presented the award, commented: “The judges were very impressed with the way that FAO27 worked with its client company, evidencing strong, strategic, supply chain partnership and decision-making throughout the chain from fisherman to market. This is just the kind of thing we’ll be looking for again in 2015 and we look forward to the judging process.”

The awards will open for entries in January with full details available shortly at: www.scotlandfoodanddrink.org/events/excellence-awards

SCOTLAND
OF FOOD & DRINK

Scottish Pig Producers appoints Andy McGowan as new Chief Executive

Scottish Pig Producers has named Andy McGowan as their new Chief Executive. Andy will replace Gordon McKen when he retires next year after 36 years with the group.

Former head of industry development at QMS, Andy will join the co-op in the new year and work in tandem with Gordon for a number of months. Andy commented: "Scottish Pig Producers has always been an organisation which looks for solutions rather than problems and it is an approach which very much appeals to me." Andy describes his new role as "the best job in the British pig industry."

Andy's background and experience will allow him to hit the ground running - he graduated with both a degree in agriculture and a Masters in pig production from Aberdeen University. Prior to his time at QMS, he worked with breeding company PIC in eastern Europe, Russia and the Balkans. For the past year he has worked with Irish food genetics company – IdentiGEN – which uses DNA technology to help retailers and processors trace food products from farm to fork.

Gordon McKen has managed Scottish Pig Producers since it was formed in 1979, following the closure of the Lawson of Dyce pig slaughter line, and has been the driving force behind the success of the business.

SPP now markets between 9,500 and 10,000 pigs per week on behalf of 110 producers and has a turnover of £58million. Gordon has steered the co-op through difficult times and played a leading role in helping pig producers develop a close working relationship with processors and supermarkets and innovations such as the Wholesome Pigs (Scotland) health scheme. Most recently, Gordon has been integral to the negotiations with Scotlean Pigs and Tulip to set up the new entity QPL to buy the Brechin pig processing plant. Plans now are to increase production from 4000 to 8000 head per week on the back of an EU Marketing and Processing Grant to expand and refurbish the plant.

2013/14 sees record profit for East of Scotland Farmers

Chairman, George McLaren, told members at East of Scotland Farmers' AGM that the profit of £409,195 came after a weather-related dip the year before to £259,887. Turnover was up by over £2m to £20.08m and total capital and reserves now stand at £3.5m.

"New business term loans of £1.8m were taken out to fund the balance of investment in the new dryer and store, but cash generation has been strong and we are confident of paying off these loans in a relatively short time frame so that further development becomes possible." he told members

"It is impossible to catch the top of every market with all sales — or at least not without taking huge risks and enjoying a large slice of luck. In years of rising markets such as 2012/13 the pools are better than early season values but do not match harvest prices. Conversely in years of declining prices such

as 2013/14 the pool cannot match early season values but are better than harvest values. EOSF members have enjoyed consistent returns through volatile times without the stress of following market developments and making decisions on when to sell." he added.

The co-op handled 75,000 tonnes in the 2014 harvest, some 10,000 tonnes more than ever before. The new 40-tonne-per-hour dryer and adjacent 15,000-tonne store had completed its second season and had boosted output as planned.

As regards the current low cereal prices, Robin Barron, EoSF General Manager, said: "I see these as a blip following two good back-to-back global harvests. I am optimistic about the future in Scotland, largely because of the good demand from the distillers."

Have you caught our new 'Co-op Shorts'?

We have recently added two more videos of our member co-ops to our series of 'Co-op Shorts' videos - tune in to find out more about East of Scotland Farmers and Farm Stock Scotland.

The videos are 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 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



And finally...

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