

SAOS update

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



Scotland's Machinery Rings – thirty years and thriving!



SAOS newsletter's headline story in Spring 1987 was "Borders Machinery Ring is a UK First." It is fascinating that despite the passing of 30 years, the article continued "Given the present economic climate in agriculture in the UK, with continuing pressure on farm incomes as costs tend to rise, farmers need more than ever to look at ways in which some form of co-operative activity can help to rationalise production and input costs."

The case for the establishment of Machinery Rings in Scotland had been propounded for some time by the late Sandy Mackay, Senior Agricultural Adviser with the East of Scotland College of Agriculture, who could see the potential of machinery rings to contain on-farm fixed costs. Sandy's presentation to a conference in 1986 prompted Melrose farmer and agricultural contractor, Alastair Cranston, to consider the possibility of establishing a ring in the Borders. Also, in December 1986, SAOS and Food from Britain had organised a study

tour to Germany, for interested parties to visit and learn from several of the rings there (at the time there were 260 rings in Germany). The final element, according to Alastair, was probably the disastrous harvests of 1985 and 1986 which effectively concentrated the minds of many farmers who had been "well-off and skeptical" in the 70s and early 80s, and thus the idea of the ring system began to be strongly considered in several areas in Scotland.

Following two initial meetings in early 1987, it was decided that sufficient interest and enthusiasm existed in the Borders and, with the help of SAOS, the first ring was established there with 23 founder members.

Much hasn't changed since the early days of the rings. In his Nuffield Scholarship report of 1993, Alastair Cranston reflected: "The idea is simple – it works in practice; it helps in time of difficulty and it is an aid to increased profit in times of relative prosperity." What has changed over the years is the strength and breadth of Scotland's machinery rings, and their pivotal role in Scottish agriculture and rural business, optimising efficiency and generating economic activity.

The minutes of the inaugural meeting of the Scottish Machinery Ring Association, held in May 1990, reflect how quickly the ring movement caught on. There were nine members, as there are now, but the composition has changed, along with exponential changes in turnover and member numbers, as well as the work that they carry out.



Alastair Cranston cuts the cake celebrating 30 years and BMR's new offices

Initial SMRA details as at May 1990:

- Borders MR:** 3 years old, 130 members
- Perth MR:** 3 months old, 60 members
- Skye MR:** 2 years old, 65 members
- Highland MR:** in 2nd year, 78 members
- Caithness MR:** completed 1st year, 42 members
- Tay Forth MR:** Completed 1st year, 120 members
- North East MR:** 9 months old, 104 members
- Mearns & Angus MR:** end of 2nd year, 184 members
- Buchan MR:** End of 1st year, 120 members

SMRA member details for 2016 are:

Machinery ring	Membership	Throughput
BMR	930	£6 million
Tayforth	1001	£11.3 million
Rural Services Scotland	204	£1.8 million
South West	94	£0.5 million
Caithness	180	£0.6 million
HBS	1201	£6.2 million
Ringlink	2724	£38.8 million
Lothian	260	£2 million
Orkney	326	£1.9 million
Total	6,920	£69.1 million

Since the end of last year, many new members have joined the rings and we can now safely say that membership of Scotland's Machinery Rings exceeds 7,000. (Cont overleaf)

Scotland's Machinery Rings – thirty years and thriving!

We asked current ring managers for some thoughts on today's rings. Graham Bruce, Managing Director of Ringlink Scotland (who was at the first SMRA meeting representing Mearns and Angus MR) told us:

"As a co-operative, the business is owned by its members and it is the members that provide the direction on which the machinery ring has to focus, this has been made very evident by the vast range of services that have evolved over the years and that are now available to Ring members."

"There have been many milestones over the years, from being a one man operation to having a team of 37; the first member to the two thousandth member; from a sitting room to having four purpose-built offices. But the ongoing achievement is knowing that we can and will continue to support and provide solutions to hard working people and businesses on a daily basis."

Jayne Ward, Manager of South West Machinery Ring concentrated on the variety of rural services that the ring can provide: "Don't let our name deceive you. We are about SO much more than just machinery. Why not find out what else we can do for you?"

Alan McLean, HBS Manager told us: "It is fascinating to see how diverse an operation most of the Scottish Machinery Ring businesses are nowadays. Members can purchase or hire 'almost anything' through the Ring businesses that they are members of, with the list of commodities and services available to them being far too long to even contemplate scribbling down."

Bruce Hamilton, Manager of Tayforth, added: "Machinery Rings were born in difficult times and with uncertain times ahead they have an even more relevant place in Scottish agriculture. Tayforth was delighted to welcome our 1000th member this spring and we have taken on a 6th member to join our team to help manage the increased level of demand from our members. We are the first port of call for our members when they are sourcing extra help or commodities for their businesses and we are looking forward to continuing our expansion in the future."

In a fine example of the (roughly translated) French saying "the more things change, the more they stay the same", we quote again from Alastair Cranston's Nuffield report: "The economics of agriculture in the EEC for the foreseeable future appear such that the relevance of fixed cost husbandry will be as important to the future of individual farm viability as enlightened stock and crop husbandry."

"Machinery Rings, properly run and operating within a structured and inter-linked framework will be of increasing importance..."

Alan McLean, HBS Manager concludes: "With regard to the future of Machinery Rings in Scotland – who knows? I see Rings surviving long into the future but they may have to change to do so. However, over the past 30 years, the Scottish Machinery Rings have proven to be very adaptable, flexible, resourceful and resilient with a real willingness to change. These key ingredients will ensure that Machinery Rings remain an important tool in the Scottish farmer's tool chest for long into the future."

New Premises for BMR and Farm Stock Scotland

It's 'all go' in the Borders, with Borders Machinery Ring and Farm Stock Scotland both moving to new offices in the past few months.

The BMR offices (right) were opened by the Duke of Buccleuch on a beautiful day in May when the Ring's 30th birthday was also marked. Their new address is Galamoor House, Netherdale Industrial Estate, Galashiels, Scottish Borders TD1 3EY. The new site provides a very functional office and training room which create an excellent working environment for BMR's staff and also gives BMR more of a presence in the area.



Farm Stock Scotland also relocated recently, when they moved to Tweed Mill Business Park, Dunsdale Road, Selkirk, TD7 5DZ.

Farm Stock has also further expanded its staff team, welcoming Brian Webster to the business. Ian Watson commented: "Although much of the growth in Farm Stock's volumes in recent years can be attributed to the co-op's improving service record and consigner package, it is also due to the continuing investment in a professional team of experienced and dedicated fieldsmen and the team will be strengthened still further by Brian Webster joining the business."

With a wide range of both practical and commercial experience in farming, the agricultural supply trade and livestock procurement, Brian, who lives in Kirkmichael near Blairgowrie, will expand Farm Stock's trading area into the north and north-east of Scotland. "We are absolutely delighted that Brian is joining the team," said David Marshall "With his experience of livestock procurement at ABP and Lawrie & Symington, not only will he take us into what is effectively a new trading area, but he will also be a great asset towards achieving our long-term growth strategy."

Tay Forth Update

Tay Forth's AGM in March reported on another 'tiny' profit with the balance sheet stronger at £180,000.

Membership - Another 68 new members joined during the year bringing membership to over 1,000 for the first time.

Turnover - Core business and number of requests up again. Total turnover is dependent on fuel prices.

Bruce Hamilton reported "Between last Summer and now, a record number of Members have joined the Ring. They are joining for very diverse reasons such as: needing Ring services; buying a 4x4 or CaseIH tractor; wanting to market their services to other members; and existing members diversifying their business."

"With Travis Perkins joining the Ring we now have all of the major builder and timber merchants in the Ring meaning the deals we can offer are unbeatable."

ANM News

New development back on course as planning appeal upheld

The ANM Group's appeal to the Scottish Government, after their £4 million plans for the development of Thainstone Business Park were rejected, has been upheld on the condition the group contributes towards the reopening of Kintore Railway Station. The plans will create up to 500 jobs.

Chief Executive, Grant Rogerson, said: "We are delighted that the Scottish Government reporter has upheld our appeal and granted planning permission in principle for commercial development at Thainstone Business Park.

"As one of Scotland's leading farming, food and finance businesses, we are very proud of our strong history at Thainstone and continually strive to move the business forward on a positive basis.

"This expansion is testament to our commitment to the Thainstone hub, our members and customers, the local community and the north-east.

"We are in the process of reviewing the reporter's notice of intention and will determine what our next steps are in the near future."



Pete Watson appointed new chairman

Pat Machray OBE CA stepped down as chair at ANM's Annual General Meeting and will retire fully as a director in August.

The new chairman, Pete Watson, said: "I am proud to be appointed as chairman of such a diverse and important business in the North and North East. ANM Group plays a major role in Scotland's economy supporting the farming industry and delivering a professional, quality service across all divisions to our members and customers. I look forward to working with the board, executive team and staff, implementing the group's strategy and objectives to move the business forward on a positive basis and continue to ensure that we remain fit for the future."

Mr Watson – who runs a 1,400-acre beef cattle and arable farm based in Darnford – will be supported by Mike Macaulay who has been appointed vice-chairman. Mr Macaulay, a well-known figure in the North East, brings a wide range of business skills and development experience to the post.

ANM Group profitability delivers third trading members' bonus

ANM reported a trading profit of £470,000, for the year ending 31st December 2016. It was also announced that the group will pay a discretionary members' trading bonus for a third consecutive year.

Pat Machray, OBE, retiring Chairman, said: "We are pleased that as a group we have recorded another trading surplus this year and continue to strengthen our balance sheet. Once again, in light of the results, we are delighted to allocate a discretionary trading bonus in appreciation of the ongoing commitment from our loyal members."

Overall the group has seen an improvement in profitability despite the market conditions – as a direct result of additional throughput and revenue generated by the auction business, combined with lower operational costs and depreciation charges – and returned a trading profit of £470,000 compared to £354,000 in 2015. Members' increased confidence in the group was also shown with an increase in share capital of £356,000 in the year, which brings the total share capital to £5.5 million.

The balance sheet remains strong – with the group reporting a steady increase whilst highlighting that this does not reflect the increase in value of the land owned by the co-operative – with net assets excluding the pension scheme deficit amounting to almost £26.9 million at the end of 2016. The group looks to the future positively backed by its financial strength.

As one of Scotland's leading co-operatives, the group continued to work hard to promote its diverse range of membership benefits and services supporting the sector through the uncertainties of 2016. The total value of these members' benefits amounted to £470,000 in the year and included dividends of £119,000; a £47,000 trading bonus; stocking agreement interest savings of £142,000; commission cap savings of £68,000; and members' loan scheme's enhanced interest rates over market rates of £94,000. The group's stock on agreement and new entrants' scheme supported 252 livestock farmers in the year with £7.7 million worth of cattle and sheep financed by the group.

Angus Cereals ends marketing agreement with Openfield

Grain marketing and storage co-op, Angus Cereals, has terminated its marketing agreement with Openfield. The move brings to an end Openfield's involvement in marketing and storage in Scotland. The Board has appointed a new Chairman, Patrick Lambert, and co-opted an additional director, Peter Cargill.

In a letter to members, new Chairman, Patrick Lambert, said: "It is increasingly apparent the remote management of the business by Openfield has become unsustainable and, despite the passion and

enthusiasm they undoubtedly brought to the relationship and the business in the early years, this has somewhat dwindled. Angus Cereals is no longer progressing in the manner required to deliver a sustainable future."

One of the co-op's objectives is to make better use of the quayside facilities at its site in Montrose. In recent years, its major customer has been Bairds Malt which operates only 12 miles away at Arbroath.

Keen to improve your co-op's performance? SAOS has the answer..

A co-op's purpose is to provide benefit to their members, but few co-ops actually measure the benefit of membership, in part because of the complexity. The aim of this new service is to measure and report how a co-op delivers value to its members on an annual basis – to produce an annual 'Member Value Statement'.

The main advantage of doing this is to drive your co-op's business performance. Other benefits include:

- Developing a better understanding of how your Co-op delivers value
- Validation of the benefits of membership
- Ensures you have a better understanding of your members and their needs
- Route to grow your business – evidence of benefit and value for existing members
- Supports the recruitment of new members
- Produces benchmarks on which to measure and monitor future co-op performance
- Route to motivate your staff and increase their confidence
- Increased member pride from their participation and association with the co-op.

What is involved?

It's not an onerous process and won't require much of your time. It involves us sitting down with you to scope out what your co-op does, the services it provides, and all the ways in which it generates value to the members. Another key stage is speaking to your members to get a better understanding of why they joined your co-op and what they value? The next stage is to test and verify the list of benefits and for members to specify their priorities and assess how well you perform these services.

The whole process is straightforward and we'll lead you through all the stages. The end result will be a simple one-page statement, largely involving 'informatics' diagrams that clearly and effectively display the member benefits you've delivered over the year.

What is the cost of this service?

We are fortunate in having secured funding from Scottish Government to help with this project, so the cost of the service to each co-op is only £1,500. For that you'll get between eight and ten days of SAOS staff development time, as well as all the benefits mentioned above. We are really excited about this initiative as it has the potential to be a real game changer for farm co-ops. We are limited to working with 12 co-ops, so please note your interest as soon as possible.

To register your interest, or for more information, contact: Jim.booth@saos.coop or on 01651 843607.

Please note these new SAOS training and development dates - more info soon

Director Development:

- Developing Strategic Capability – 14th Nov 2017
- Director Development - Co-op Finance – 21st Nov 2017
- Director Development - Managing People – 6th Feb 2018
- Persuasion Skills and Sales Training – 7th Nov 2017
- Co-op Management in Practice (2 day residential course) – 22-23rd Nov 2017

To book a place or for more information, please contact: anna.robertson@saos.coop or on 07741 314425

Farmer Co-operation Leads to Rebates from Machinery Manufacturer

A strong example of the power of farmers co-ops was 'on show' at the Highland show and will be at local shows over the summer.

The rebate scheme, negotiated collectively by the nine Scottish Machinery Rings with Case IH, sees ring members save up to £3000 on the purchase of a new piece of equipment from the manufacturer.

Bruce Hamilton, Manager of the Tayforth Ring, comments: "Our Case IH rebate scheme works really well, and is a great example of how the collective power of farmer and contractors – in this case the 7000 members of Scotland's nine rings – can be used to negotiate a better deal, even with a global corporation such as Case IH.

"Essentially, should a farmer or contractor wish to buy a new Case IH tractor, baler or combine, they simply negotiate and complete the purchase with their chosen dealer, then submit the invoice to their local ring to claim their rebate directly from the manufacturer retrospectively.

"As one Farmer from Forfar put it: 'there is no catch with this scheme, it couldn't be simpler and is a welcome bonus!'

"We will be working with staff from Case IH and local dealers, which include some new names and faces, to highlight this very attractive ring membership benefit on the Case IH stand at the Highland and other shows in the coming weeks.

"Dealers welcome our scheme as the rebate does not come out of their margin, but is an extra incentive direct from Case IH, paid in the Spring following a purchase. It does not affect the price customers negotiate with the dealer."

The Scottish Machinery Ring Association has staff from the rings on hand at the summer shows to discuss all aspects of their work, from the traditional matching of labour and equipment supply and demand, to collective purchasing of utilities, fuels and other farm inputs.

"Whilst a large proportion of our work remains focussed on the labour, training and machinery needs of local farmers, it is encouraging that, nationally, we can offer more and more direct benefits to ring members, such as the CASE IH rebate, our 16% discount off the Toyota Hilux range, and 15% off parts and spares from Spaldings," Bruce Hamilton concluded.

Shelagh Hancock succeeds Mike Gallacher as CEO of First Milk

Shelagh Hancock, new Chief Executive of First Milk, has over 25 years' experience in the food and agricultural supply sectors. Most recently she held the roles of Managing Director and Business Development Director at Medina Dairy where she led the development of strategic relationships and business growth with major retailers. Prior to this, she held a number of senior executive positions at the farmer-owned co-operative Milk Link including Milk Business Unit Director and Membership Director.

Over the last two years Mike Gallacher led a radical and successful transformation of First Milk, focusing on its core business in cheese and liquid contracts and divesting a number of loss making subsidiaries. Together with major cost savings and operational improvements, this has driven a c.£30M improvement in the financial performance of the business and corresponding improvements in returns to members. At the same time, the independent governance review initiated by Mike has led to major changes in how the Co-op is managed.

First Milk Chairman, Clive Sharpe, said: "Mike has led First Milk through a period of huge change, with enormous levels of energy and focus. In addition to delivering a real transformation in our business performance he has also built an effective team and put in place the modern governance processes that will underpin our future success.

"Mike's departure is not a surprise as he has been open about his plans. On behalf of the members and the Board, I want to express our appreciation for the outstanding results he has delivered. Both Mike and I are delighted at the appointment of Shelagh who brings a wealth of experience to the role."

Mike Gallacher said: "I am very proud of the huge progress made by all First Milk employees in transforming the business and in delivering improved results for our members. First Milk is now a very different business and customers and members can be confident in its future as a British Dairy Co-op. The Board and I have worked closely on the CEO transition and I am delighted to see the appointment of Shelagh Hancock. Over the coming weeks we will be working together to deliver a smooth transition to ensure no loss of momentum as our business performance continues to improve."

Commenting on her appointment as CEO, Shelagh Hancock said: "As a firm believer in the principle of farmers working together for the benefit of each other, I am delighted to be working again for a farmer co-operative. I strongly believe that First Milk has got a bright future and as a British farmer owned co-op we've got great credentials to build on. There are still further opportunities to develop the core business and I am confident that we can continue to build a strong and vibrant co-operative capable of creating value for its customers, and most importantly for our members."

Late in June, Mark Robertson's appointment as the new Operations Director was also announced. Mr Robertson has over 30 years' experience in the dairy industry and has held senior executive positions with Arla Foods, Milk Link and Glanbia. Latterly he was Vice President for Arla Foods, responsible for 12 cheddar and mozzarella manufacturing and packing sites across the UK and Denmark.



Shelagh Hancock

New project provides boost for Scottish organic dairy farming

Scotland's organic dairy farmers are launching a new project to boost the profitability and resilience of producers of organic milk after receiving a grant from the Scottish Government's Knowledge Transfer and Innovation Fund (KTIF).

The project titled 'Grass to Milk – Organically' aims to bring innovative and new thinking to organic dairy farmers by using digital technology to accurately and fairly compare their business performance.

One of the key innovations is the use of accurate grass measuring equipment to support improved grass management. Data on grass growth and quality will be collated from individual fields, and assessed against the resulting milk output. Grass measurement and monitoring will help the participating farmers to increase their efficiency by reducing the need for cereals and purchased feed, while aiding their decision-making process by utilising accurate data.

The project will also support new suppliers, both young farmers and farmers transitioning to organic, by making it easier to access mentoring and advice from experienced farmers, for example by hosting online group tutorials and facilitating expert guidance.

The project was launched in Dumfriesshire at a meeting to demonstrate grassland measuring and monitoring technology. Gavin Lochhead who chairs the Scottish Organic Milk Producers Association said: "The market for organic milk is growing dramatically and with that increase in demand it's important that our members are able to meet supply requirements. That means we need to improve business efficiency, and that's at the heart of this new project.

"The benefits of managing grass are well understood and proven, and feedback from our members suggests there is significant potential to improve grass utilisation in organic systems.

At the moment there is only limited use of technology to measure and manage grass within the organic milk sector, and there's no link being made between milk sales figures and grass output. That's what this new project will introduce, alongside a robust programme of e-learning and knowledge sharing."

The Knowledge Transfer and Innovation Fund supports skills development and innovative actions in the agricultural sector in Scotland. Innovation projects are those which introduce new practices, processes and technologies that aim to deliver benefits to the wider agricultural community.



Scotland's organic dairy farmers

Argyll and Isles Agricultural Forum changes

Major changes for the Argyll and Isles Agricultural Forum were announced earlier in the year, as well-known Argyll farmer Angus MacFadyen, and SAOS' Fergus Younger both departed the Forum.

On behalf of the Forum, Bill Dundas, Principal Agricultural Officer with Rural Payments and Inspections Division in Oban, acknowledged the significant contribution that both had made during their time, commenting: "Angus has given a great deal of his own time to the Forum to secure a better future for Argyll's agricultural sector over the last 19 years and it has been greatly appreciated. This has been not only through his time chairing meetings, but all the activity that goes on behind the scenes that many of us don't realise. I have only been involved in the Forum for the last 12 years and in that time have seen the development of the Argyll and Islands Agricultural Strategy in 2005 and the delivery of tangible activities against that strategy. This has been far more than just a round table tick box engagement process."

Bill acknowledged the contribution that Fergus has made over the last 10 years. This has included developing and delivering on some of the strategic priority actions: the development of the Food from Argyll brand; work on the Argyll Hill Lamb project, the island slaughterhouses, the working farm woodlands and, most recently, the work with Kintyre and Bute's dairy farmers.

Bill said: "The appointment of a full-time development officer, Fergus Younger, in 2006, gave the Forum the opportunity to deliver on its aspirations. Securing the funding was one of the most impressive bits of partnership working I have been involved in and Angus was also instrumental in this. There are some great results from this work and I do believe the Forum has made Argyll's Agricultural sector stronger and more prosperous and Angus and Fergus have been a crucial part of that."

"On behalf of the farming community in Argyll and the Islands and the other forum members, I thank both Fergus and Angus for the valuable contribution they have made."

Kintyre dairy farmer Sandy Pirie has taken on the chairmanship of the Forum, with John Dickson, a livestock farmer from Bute and who is currently NFU Scotland's Regional Board Chairman, takes on the vice chairman's role.

Angus will remain very much to the fore of agricultural policy development in his role as chairman of NFU Scotland's Environment and Land Use Committee.



(Pictured left to right at the presentation: Angus MacFadyen, Bill Dundas, and Fergus Younger)

Can Connect Local Help You?

Connect Local is a free advisory service for the local Scottish food and drink sector. It is delivered by a team of experts from SAOS, SAC, Scotland Food & Drink and Seafood Scotland, and funded by Scottish Government and European Maritime and Fisheries Fund.

Advice and guidance are available for:

- Local food and drink businesses and organisations
- Entrepreneurs
- Start-ups
- Micro-businesses
- SMEs
- Common interest groups
- Foodservice
- Retailers



The aims of the Connect Local team are to:

- Change behaviour in food and drink production, promotion, procurement and ultimately consumer purchasing towards local choices.
- Develop the quality, nutritional content and added value propositions of food and drink producers to meet the demands of consumers, retail, foodservice, and hospitality customers.
- Strengthen the local food and drink economy including the seafood supply chain (diversifying and improving access to local markets).

At the end of June, Connect Local ran the first in a series of free workshops for 2017. "Building a Bestselling Business – Out of the Kitchen into the Business", was aimed at budding food and drink entrepreneurs looking to expand their interest into business. Three workshops later in the year are aimed at those with more established businesses:

- 30th August – Benchmarking and Branding
- 4th October – Marketing Strategy
- 1st November – Sustainable Growth

The team can work with you on a one to one basis, or with small groups of people with similar challenges. Events are also organised to reach a wider audience. For more details, go to www.connectlocal.scot or contact info@connectlocal.scot

SCOTLAND OF FOOD & DRINK



Chef and TV personality, Simon Rimmer (left), is pictured with Alex Bruce and David Moore of Fusion Whisky, and George Lawrie, SAOS Chairman (far right) who presented the award.

Scotland Food & Drink
**Excellence
Awards 2017**



The Scotland Food & Drink Excellence Awards were presented in May at a glittering ceremony attended by over 820 guests.

The 'Success Through Partnership' award (sponsored by SAOS) was presented to Fusion Whisky. Fusion Whisky Ltd produces a series of premium whiskies that are an innovative marriage of blending and branding; a product of unique collaborations between distilleries in Scotland and other countries. Formed in partnership with Fife-based Adelphi Distillery Ltd, Fusion Whisky's premium blends are created with Scotch and whisky sourced from international distilleries (Hanyu Distillery in Japan and Amrut Distillery in India to date). Branding for the innovative blending concept is centred on the story of iconic Scots and their positive influence internationally, with a focus on the countries from which the whisky is sourced.

The 25 category winners spanned the whole of the sector, with other winners including; Liam Pennycook of Strathearn Distillery for 'Young Talent', l'escargot restaurants owned by Chef Fred Berkmler for 'Scottish Sourcing', Paterson Arran Ltd for 'Environmental Sustainability', Peelham Farm Produce for 'Meat', and Mara Seaweed for 'Healthy Choice'.

Special recognition was awarded for Product of the Year (Whisky Nibs from Chocolate Tree), Business of the Year (Bruce Farms) and Outstanding Contribution (Alastair Dobson, Taste of Arran).

James Withers, CEO Scotland Food & Drink, said: "Congratulations to all winners. With the new food and drink strategy, 'Ambition 2030' we are aiming to double the industry's worth to the value of £30 billion by 2030, so it was fantastic to see new start-ups as well as established businesses come out on top. The industry is constantly growing, but there is always room for young pioneers, innovative products and enterprising businesses, and it's this that will help us achieve Ambition 2030.

"Scotland is home to some of the most innovative producers and these awards give us the chance to celebrate this. Thanks to all those who entered this year, and I hope to see you back there next year."

More details on all the award winners can be found at: www.scotlandfoodanddrink.org

New Phase of Market Driven Supply Chain Project gets underway

The original Market Driven Supply Chain (MDSC) initiative delivered 33 projects and generated over £20m of efficiency gains and added-value sales growth in UK and international markets. The current MDSC initiative follows on, and looks to build on, this hugely successful work. The initiative is a key contributor to the Scotland Food & Drink Ambition 2030 strategy which highlights:

- the need to deepen collaboration along the whole supply chain
- drive forward transparent sustainable credentials
- provide greater profitability in the primary sector
- increase productivity
- develop greater resilience to deal with the speed of change and unforeseen 'shocks'.

The overall objective of MDSC is to develop the capabilities of 20 food and drink supply chains to exploit market opportunities in the UK and abroad and deliver an increase in turnover of at least £24m by 2020. It will provide specialist supply chain expertise and practical insight to the routes to market, helping sectors and businesses to achieve their own growth objectives.

The Project is funded by Scottish Government, Scottish Enterprise and Highlands & Islands Enterprise. It is managed by Scottish Enterprise and delivered by SAOS. Qualifying initiatives will be:

- Transformational
- Add value in Scotland (via new market opportunities or increasing efficiency in existing markets)
- Market-led
- Innovative in approach
- Operate at multi-level within the chain (vertical or horizontal)
- Contribute to the strategic focus on premium, health and provenance
- Contribute to the international market priorities

The Support

Through its specialist team, MDSC helps map out issues in existing or proposed supply chains, develop action plans, and work intensively with the businesses and organisations to improve or re-engineer the supply chain.

The MDSC Team provides a range of expertise, including:

- Collaborative relationship building & developing shared market vision
- Knowledge sharing and communication flow Improvement
- Enhancing capacity, capability and added value
- Addressing market entry barriers
- Creating new supply chain structures and models
- Exploring joint investment
- Improving efficiency and lean thinking
- Developing logistic solutions

MDSC helps overcome barriers to growth and gives supply chain partners the capability and capacity to deliver effectively time after time. Alan Stevenson of SAOS commented: "If you are keen to exploit market driven opportunities, overcome supply chain challenges and unlock the real potential value within your supply chain, then the MDSC Project has the skills and expertise to help. We are of course looking for interest from the co-op sector following the successful projects we had last time around such as with Scottish Shellfish, Scottish Borders Produce, First Milk, MSA, Farm Stock Scotland, Grampian Growers and Orkney Cheese."

The team is happy to discuss enquiries and provide advice. Ultimately, selection will be through a competitive process involving a selection panel of Scottish Government, Enterprise and industry organisations, who will assess potential projects on the basis of fit with key sector and target market priorities and the potential to make a significant impact and contribution towards industry growth.

In the first instance, please contact: alan.stevenson@saos.coop or rona.sutherland@saos.coop





Agriculture is Carbon Positive

Over the last year, and with support from the Scottish Government, SAOS has worked on a pilot methodology to measure carbon sequestered by activities on farms. The intention is to demonstrate the positive side of the carbon 'balance sheet' that is related to the farming industry. Carbon is sequestered in the soil, in energy and wind projects, and a farm's carbon footprint can be reduced over time by improving livestock performance and through certain practices related to cultivating crops. It is possible both to quantify the carbon sequestered on any farm at any point in time, and to measure reductions in a farm's carbon footprint resulting from changed management practices.



According to Project Manager Emma Paterson Taylor: "This carbon positive measure in MtCO₂e has the potential to balance the negative perceptions about farming's contribution to climate change that are frequently promoted. And it could complement measures proposed in the Scottish Government's Climate Change Plan to encourage more carbon friendly farm planning and practices."

The pilot project worked on nine farms in different areas of Scotland and with different soil types and enterprises. In total, the carbon sequestered on the farms (as at 26 June 2016) is a substantial 2,332,760.060 tonnes CO₂e.

Full details of the farms and the carbon findings can be found at the website, which also invites comments and suggestions:

www.carbonpositive.scot

If you would like to know more about the CarbonPositive project, please get in touch: info@carbonpositive.scot

Next Generation Winners' Study Tour

Three fourth-year Honours students studying Rural Business Management have won the 2017 SAOS Next Generation competition, which is run in partnership with SRUC. The top placed team: Emma Parvin, Joanne Breese and Ashleigh Nelson, produced a business plan for setting up an organic beef co-operative in the North East of Scotland.

This year's winners' three-day study tour took in a variety of co-ops and collaborative groups in Scotland. First port of call was Scottish Shellfish, where Managing Director, Stephen Cameron, gave them a full insight into the marketing supply chain. There was also an opportunity to see the processing operation at the Bellshill plant and apparently the chance to try an oyster for the first time was quite an experience for several!

Next stop on the tour was a visit to GrainCo's OatCo site just outside Glenrothes, where they were welcomed by farm trader, Simon Thomson; Commercial Manager, Gavin Will and group Chairman, John Hutcheson. OatCo is the single largest supplier of milling oats into Quaker and the students learnt about the benefits of collective marketing, as well as the structure of the business.

A short visit to Loch Leven Larder allowed the students to hear from SAOS' own Douglas Watson, who gave an insight into the benefits of setting up collaborative groups, and talked about the development of farmers markets over the last decade.

The group then visited Scottish Agronomy, which is devoted to the provision of unbiased arable advice to its farmer members. Managing Director Andrew Gilchrist took time out of crop walking to explain the service the co-op provides. The group visited a trial plot, where Andrew described the process of information gathering, the importance of accuracy and how these trials benefit co-op members.

The next visit was to East of Scotland Growers, where Managing Director, Andrew Faichney, and Agronomy Manager, Andrew Orr, began by giving the students an insight into the business and the benefits the co-op gives members. Primarily a group made up of broccoli growers, ESG controls the planning, and programming, agronomy, customer communications, sales allocations, logistics and quality control all from the site based in Fife on behalf of their members. A visit to ESG member Ross Foster meant they were able to see first-hand the harvest and packaging operation which takes place on farm. Ross also very kindly gave the group a fascinating insight into his relatively new Anaerobic Digester.

En route home, the final stop was at St Andrew's Farmhouse Cheese. Owner, Jane Stewart, is also the chair of the Fine Cheese Makers of Scotland, a group of producers who share knowledge, skills, marketing and innovation amongst participating businesses. There was also a popular opportunity to sample some of Jane's delicious cheese.

Anna Robertson, SAOS Project Manager, who accompanied the group, commented: "Emma, Ashleigh and Joanne did a great job on their co-op business case study, it was clearly evident that a lot of research and thought had gone into the feasibility of setting up an organic beef co-operative and I congratulate them. I'd also like to thank all of our co-op hosts for their time and the support they gave which helped make this study tour possible. SAOS is delighted to continue its support to educate SRUC students about the benefits of co-operation and collaboration throughout the food and drink supply chain. It's really beneficial to show the 'next generation' of farmers what can be achieved."



Andrew Gilchrist of Scottish Agronomy and the winning trio of students



Pictured left to right: Andrew Orr of ESG; Emma Parvin, Ashleigh Nelson and Joanne Breese

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

