

# SAOS *update*

## Annual Conference focuses on sustainability

Our annual conference took place in November at the MacDonald Cardrona Hotel near Peebles (sponsored again by NFU Mutual). This year's conference topic was "Sustainability – Meeting Today's Needs Without Compromising the Future", and we had six excellent speakers who provided us with a range of perspectives

### Speakers' key messages

**Emeritus Professor John Ikerd, University of Missouri:** "The industrialisation of farming, based on bought-in energy and nutrients, is economically, environmentally and socially unsustainable. We must support family farming, and Scotland is well placed to do this."

**Steve Ellwood, Smith & Williamson:** "Demand for food will begin to outstrip supply. Global food security is becoming a real concern."

**Dr Chris Brown, Asda plc:** "Farmers and farming organisations need to construct a convincing case that they are addressing climate change to ensure that special interest groups don't mislead consumers."

**Paul Flanagan, First Milk:** "Our new Campbeltown creamery is very much about ensuring a future for the next generation of family farmers in Kintyre. It ticks all the sustainability boxes."

**George Taylor, Taylors Regional Foods:** "We're already helping sustain over 100 local food businesses by providing access to supermarkets. Taylor's hub is a great example of a collaborative solution."

**James Withers, NFU Scotland:** "Farming delivers the triple bottom line that rural Scotland needs; economic, environmental, and social sustainability. But we need more science-based evidence to support our message and help define our action for the future."

(You can read more from our speakers' presentations inside this issue).



Four of our six speakers, from left to right, James Withers, John Ikerd, George Taylor and Paul Flanagan.

### So what did we learn?

There will be many different views amongst delegates about what we learned from our speakers, and the debate, occasionally heated, continued late into the night. We were left questioning what is sustainable agriculture, particularly in a Scottish context in which 60% of agricultural land is classed as 'rough grazing' and a further 22% is 'pasture'. Is sustainable farming a 'known destination' at this time, or a 'direction of travel'? We were reminded that climate change and food security are both global issues and inseparable, requiring global agreements, even though the action we take will be local. We were also reminded of the need to inform consumers and maintain their understanding and support. Finally, the roles of co-operation and collaboration in delivering the triple bottom line of sustainability were clearly demonstrated, along with their importance for the future.



Comparing notes after the conference



James Withers relaxes after giving his presentation



Sustainability leads to lots of post conference debate

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## CONFERENCE ROUND UP - SPEAKER SUMMARIES

### Professor John Ikerd

Our keynote speaker was Emeritus Professor John Ikerd, a leading thinker and authority in the USA on sustainability.

After working for much of his career advising farmers, he has concluded that industrialisation and specialisation in agriculture would become increasingly unsustainable and incapable of satisfying environmental, economic and social needs. We have begun to realise that we are destroying the natural environment in the process of trying to produce cheap food. He suggests: "we are mining the soil through erosion and depletion of its natural productivity in the process of maximising production and minimising financial costs. We are polluting our streams and groundwater with residues from the pesticides and fertilisers necessary for large-scale, specialised crop production and with wastes from giant confinement animal feeding factories. We are destroying the genetic diversity that we need to support nature's means of capturing and transforming solar energy into energy to sustain human bodies. And, we are turning thinking, innovative, creative farmers into contract workers, tractor drivers and hog keepers."

Prof Ikerd is optimistic about the future of family farms that have a diversity of enterprises, taking back a degree of control and self-determination from supermarkets and multinationals. To enable farms to become sustainable they must:

- focus on working with, not against, nature
- utilise practices such as management intensive grazing, diverse crop rotations, integrated crop and livestock farming.
- be as concerned with creating value, as with minimising costs
- seek out and supply market niches, both local and global, that return extra value.

### Steve Ellwood

Steve Ellwood, Smith & Williamson, stated that demand for food would soon begin to outstrip supply, and that food and farming would become much more important. We are entering an era where we need to produce much more food for an increasing global population. Rapid economic development in some parts of the world, most notably China and India, is increasing demand for livestock based products for a more western diet. Demand for crop production for biofuels will also increase.

However, much food production is dependent on fossil fuels and oil is becoming more expensive; water is becoming scarce in some key production areas; soils have been depleted in some countries and they now depend on expensive artificial nutrients; unpredictable climate events are damaging crops and leading to failures; and technical innovation in farming has slowed down.

Farmers and co-ops should examine their business and review the resilience of their supply chain and check whether the objectives of everyone in the supply chain were aligned. He also encouraged delegates to start preparing for the longer-term challenges the food industry would face. Factors for success include:

- strong commercial logic and on-going consideration of alignment with market needs
- everyone in the chain buying into a mutually agreed set of supply chain objectives
- trust between partners is a critical ingredient to provide confidence to invest.

### Dr Chris Brown

Dr Chris Brown, ASDA, raised the challenges in communicating with consumers with respect to sustainability and climate change. Their priorities were: great value, safe food, sustainable and environmentally friendly food production with assured animal welfare.

Communicating messages such as carbon measures, presented real difficulties in product labelling that were yet to be resolved. In addition, consumers' claims about what would make them change their eating habits do not reflect their actual behaviour. However, the level of information required by consumers is steadily increasing. For this reason, Chris suggested a need to define a "new business framework" that takes account of scientific evidence, and enables realistic action in response to the effects of greenhouse gases. There is a need for increased Government contribution to research.

Farming and farming organisations are well placed to address climate change and sustainability challenges but need to communicate a 'convincing case' to consumers, for them to have full confidence that the industry was doing all that was necessary.

### George Taylor

George Taylor, Taylor's Regional Foods, provided an insight into the development of their business, and his views on the future opportunities for local foods.

Taylor's provides a distribution and support hub for local and regional foods in several areas of the UK, supplying a range of retail outlets, but principally the major supermarkets. This enables small-scale food producers to broaden their markets and grow their business, whilst also ensuring retailers have access to a wide range of regional foods.

In addition, considerable effort is invested to build relationships with, and support, local food producers. In many cases, small producers have no experience of dealing with retailers and complying with their standards. Taylor's supports producers with hands-on practical advice and feedback.

Future prospects for local suppliers were very positive, and not exclusively in local markets. Experience has already shown that consumers responded to variety and change, as local foods from one region have sold successfully in another. However, competition between supermarkets is intense, and it is expected that pressure on margins will increase. Producers should concentrate on their products' points of difference, including their brand. They should re-examine all costs, limit their financial exposure, and collaborate with others.

### Paul Flanagan

Paul Flanagan, Group Communications Director for First Milk, talked about the new Campbeltown creamery, and its importance in sustaining future generations of dairy farmers on Kintyre.

There are around 42 dairy farmers in the area and, of those, 34 have new generation family members coming through to run dairy herds – a picture quite atypical to the rest of the UK.

First Milk purchased the Kintyre site in 1997 and soon realised the importance of developing the plant for the community, as its existence was vital to the sustainability of farming in the area.

The new creamery will have a larger capacity than the existing one and be funded from three sources: up to £3.9 million from the Scottish Government; the



## CONFERENCE ROUND UP

sale of First Milk's existing creamery site to Tesco Stores Ltd; and additional funding from First Milk itself.

The existing Campbeltown creamery was built in the 1820s as a distillery before being converted to manufacture cheese and, despite regular investment, struggled to keep pace with modern demands. The new creamery will be environmentally sensitive and become one of the most modern in the UK. It would be economically, environmentally and socially sustainable.

### James Withers

James Withers, Chief Executive of NFUS, rounded off the conference by challenging the perceptions of sustainability promoted by various groups:

- Livestock – produce too much methane
- Malting barley for whisky - not healthy
- Environmental stewardship – no economic contribution
- Wind/bio-fuel/forestry – none of these are truly sustainable approaches
- One man and his dog – the only truly sustainable approach is for the farmer to eat his dog! (Following reports that suggest that a collie dog is as polluting as a Toyota Landcruiser.)

James highlighted the hugely confusing range of opinions regarding the topic, and that organisations often provide totally

opposing views, depending on their own interest. James felt that the term sustainability had itself become confusing jargon and that the intervention by celebrities lending their name and influence to issues which seemed unlikely to have a major bearing on their own lives, added to confusion. He cited the apparent enthusiasm of Alex McLeish, Barbara Dickson and Richard Wilson for the reintroduction of the beaver to the UK as one such example.

James argued for more science-based information to be made widely available to assist industry, government and consumer understanding. He pointed out the requirement for a proportionate approach by Scotland, taking into account global needs and opportunities. Scotland's farming and food industry enjoyed a very good reputation, and it should work to maintain this.



Cabinet Secretary, Richard Lochhead, flanked by Andy Peddie and David Mitchell

### "Co-operation is critical"

We were delighted to welcome Cabinet Secretary, Richard Lochhead to speak at our conference dinner.

He said "I applaud the initiative of SAOS in focussing this year's conference on these significant issues. SAOS makes an enormous contribution to the development and implementation of our policies. Their success in promoting and assisting the continuing growth of co-operation within the farming industry is a great example to all. With a record turnover last year of around £1.7bn, the activity of farmers co-ops in membership of SAOS is very significant indeed."

"Co-operation is critical to the development of Scotland's food and drink supply chains. By working together, long term planning and sharing costs and resources can all help business sustainability in these uncertain times."

He also had praise for the C2 project: "...in under a year a remarkable 112 companies and 35 organisations have participated in the project. This has led to SAOS working with 15 supply chains on various commercial collaborative projects."

## ED RAINY BROWN AWARD GOES TO COLIN OWEN



Colin receives the award from Katy Rainy Brown

Colin Owen of Tarff Valley Ltd was the recipient of this year's Ed Rainy Brown Memorial Award, which was presented at the annual conference. NFU Scotland and SAOS jointly sponsor the award, which is presented annually to an individual in the farming, forestry, aquaculture or associated industries who has made an exceptional contribution within their specific field. Tributes to Colin's work in developing the business were led by former Tarff Valley Chairman, James Dunlop and the award was presented by Ed's wife, Katy.

SAOS Chairman, David Mitchell, said: "True commitment to driving forward the wide range of services that Tarff Valley now supplies to its members makes Colin a very worthy recipient of this award. Under his guidance, Tarff Valley turnover has grown tenfold from £4 million in 1992 to £40 million today, with seven depots situated right across Dumfries and Galloway. Farming in the region has faced many challenges – not least Foot and Mouth in 2001 – but Colin's steadying influence has steered Tarff Valley through these to create a growing, farmer-owned business that is loved and trusted by its members across the south-west."

NFU Scotland President Jim McLaren added: "The vast majority of Scottish farmers reap the benefits of co-operation in some part of their business. The key for co-operatives is to continue to grow and develop in response to their members' needs. Colin and Tarff Valley have taken their members with them and created a solid platform for the business that has allowed the co-op to make the major investments in depots and

services. Colin's hard work has left Tarff Valley well placed to continue that growth for years to come."

And there was a big surprise during this section of the evening for former Chairman of SAOS, Gareth Baird, who declared himself speechless on receiving a gift voucher for golf at Gleneagles from the Board of SAOS in recognition of his continued and exceptional service to SAOS. Gareth stood down as Chairman in May but was re-elected back onto the Board and remains a stalwart advocate of SAOS and co-operation.



Gareth receives his gift from Ian Grant.

## NEWS ROUNDUP

### Cross Party Group meets with agricultural co-ops

In early December, several of our co-op members attended the Scottish Parliament to meet with the Cross Party Group on Co-operatives. This group provides a platform for those with an interest in co-operation and mutuality to increase awareness of the co-operative business model and its contribution to Scotland's social and economic development. The group promotes co-operation as a vital component of Scotland's future, and works with the Scottish Government and the sector to sustain and develop existing co-operative and mutual groups in Scotland.

MSPs James Kelly, Linda Fabiani, Rob Gibson, Johann Lamont, Frank McAveety, Cathy Jamieson and Dave Thompson attended the evening meeting, along with many members of the Cross Party Group from other co-ops. The meeting was chaired by John Scott.

James Graham gave an introduction covering the scale and breadth of co-operation in Scotland's agriculture and reported the results of a survey commissioned by SAOS in 2009 that found that 65% of Scotland's farmers co-operate. James presented the main advantages achieved through co-operation, and described the key role of co-operation as a risk reduction strategy, and its importance in safeguarding the future of family farms and rural communities.

Robin Barron presented an overview of East of Scotland Farmers, and told the group how most of its members lay within a 25-mile radius of the co-op's grain store and retail shop. It enjoyed very strong support across the local farming community. Whilst the future appeared positive for the co-op, which specialises in supplying high spec malting barley to the drinks industry, there were short-term concerns about the drop in beer and whisky sales due to recession. Robin highlighted his concern about lack of grant funding available to the co-op because of its links to the drinks industry.

Alistair Ewan and Jim Mason of East of Scotland Growers described their co-op and its considerable contribution to the health of the nation through its vegetable production, accounting for 20% of all UK broccoli. Their main concerns included the huge burden of 'red tape' and its effect on their business through multiple regulation and audits with which they had to comply. They also considered that the Agricultural Wages Board regulations did not work either for workers or for the co-ops due to overtime payment provisions that it had adopted. Their final issue was the dominance of supermarket power, and its disruptive effects in the supply chain.

Graham Bruce of Ringlink Scotland discussed the growth and scope of machinery rings, and the vital contribution they made to rural economic activity, particularly their growing role in the organisation of labour and as a



*Pictured at the Scottish Parliament are Alistair Ewan, Robin Barron, John Scott, Graham Bruce and James Graham.*

provider of specialist skills and training. Gangmaster legislation appeared to have several unintended consequences which in effect restricted bona fide labour arrangements – for example a farmer's son needed a licence to help out on the farm next door – at an incurred cost of £1600 for an audit and £400 for the licence. Industry organisations were continuing to campaign for updating the GLA regulations to remove such anomalies. Graham provided his views on the need for a new apprenticeship scheme in agriculture and presented his ideas of how such a scheme should work.

A wide-ranging discussion followed the presentations covering topics ranging from supermarket power dominance, the development of farmers' markets, social objectives in the Scottish Government's food and drink policy, the potential for co-operation in renewables and waste management, and the promotion of agri co-operation. We're indebted to Robin Barron, Alistair Ewan, Jim Mason and Graham Bruce for supporting SAOS at this event.

### Gordon McKen honoured

The Royal Northern Agricultural Society's Northern Award and Press and Journal Shield were presented recently to Gordon McKen, Managing Director of Scottish Pig Producers Ltd, for his services to the pig industry.

The citation for his award leaves little doubt about the respect in which he is held: "The plain fact that a pig industry lives and breathes throughout a large part of Scotland is in the greatest part due to the consistent application of Gordon McKen's practical, straightforward approach to co-operative business and industry development."

Gordon joined the co-op in its early days in 1979 and has faced numerous tests of his mettle since then, but his common sense approach and ability to look at the bigger picture have seen many problems, some of which have come close to crippling the pig industry in the North East, overcome. As a long-standing member of NFU Scotland's pigs committee and a QMS board member, Gordon continues to have an input into the wider industry. His involvement with the Pig Industry Task Force following the foot and mouth crisis resulted in the creation of the Pig Business Network. This has led to two monitor pig farms being established this year. Other recent developments included SPP taking on the marketing role for Northern Irish pig producers, helping them to increase their potential, as well as their joining with Asda and Vion Food Group to create the PorkLink scheme.

Bob Yuill of SAOS commented: "Gordon was the first to fully understand the importance of the producer being fully integrated within the food chain and the need for simplicity, commercial strength and competitiveness throughout the chain, primarily to benefit producers. His ability to communicate and simplify complexity, his focus, and above all his passion for the Scottish pig industry make him one of our most precious assets. This award is wholly deserved."



### Time to think of the future?

When was the last time you undertook a full strategic review of your co-op? Best practice suggests boards should carry out a full strategic review at least every 3-years.

In a rapidly changing business environment it is important for boards to regularly review their business. The main benefit is an improvement in your co-op's performance and competitiveness, ensuring that it is meeting members' needs.

In addition, it will also build consensus within the Board making future business development easier to manage.

We can provide a programmed workshop designed to help your Board and senior management undertake an objective review, to identify and agree future business objectives and develop strategies for their achievement.

If you're interested to find out more, please contact Jim Booth, tel 01651 – 843607 or [jim.booth@saos.co.uk](mailto:jim.booth@saos.co.uk)



## EU Calls for co-ops to address power dominance in supply chain

The European Commission has, for the first time, acknowledged that the dominance of certain retailers and processors in supply chains has a detrimental affect on the operation of markets, disadvantaging both farmers and consumers. In a communication published on 28 October 2009, entitled 'A Better Functioning Food Supply Chain in Europe', the Commission identifies that "significant imbalances in power between contracting parties are a common occurrence" and a source of "serious concern". These imbalances have "a negative impact on the competitiveness of the food supply chain as smaller but efficient actors may be obliged to operate under reduced profitability, limiting their ability and incentives to invest in improved quality and innovation".

The Commission is recommending several measures to address this including promoting and facilitating restructuring and consolidation of the agricultural sector through co-operatives or 'producer organisations'. It suggests that this action should be encouraged in the contexts both of the post 2013 CAP and the Rural Development Policy.

The communication states that "lack of market transparency, inequalities in bargaining power and anti-competitive practices have led to market distortions with negative effects on competitiveness of the food supply chain as a whole." It concludes; "It is of the utmost importance to exert vigilance in order to identify and remove market distortions..."

For a copy of the communication, contact Jennifer Grant on 0131 472 4100.

## SAOS chief addresses global co-ops

Co-operatives from around the world met for the General Assembly of the International Co-operative Alliance (ICA) in Geneva, Switzerland in November. James Graham addressed the annual meeting of the International Co-operative Agricultural Organisation, which was held within the programme of the General Assembly. James also attended a meeting of Co-operatives Europe, and the main General Assembly conference.

## EVENTS/DIARY DATES FOR 2010

### JANUARY

#### Director Development Programme

The dates are now set for the Director Development courses which will be held in Dundee:

**19 January – Managing People – Duncan Todd**

**20 January – Marketing – Hamish Walls**

**21 January – Governance – Bob Yuill**

**27 January – Finance – Bob Yuill**

**28 January – Strategy – Jim Booth**

To book, contact Margaret on 0131 472 4100, by 15 January 2010. If you have several people interested in a topic, we may be able to run a course specially for your organisation – please contact us for further information.

### FEBRUARY

#### Chairman's 'follow up' seminar – Recruiting and Managing the Chief Executive Thursday 4 February at Huntingtower Hotel, near Perth

Following up on the successful 2009 chairman's seminar, this training course for chairmen and vice chairmen will deal specifically with recruiting, managing and appraising general managers and chief executives - as requested by delegates at the 2009 event. Personnel expert Gail Ellis will contribute to the seminar. (Invitations for both chairman's seminars will go out in early January.)

#### Eureka! Supply Chain Innovation Project through C2

February will see the launch of a unique programme enabling Scottish producers and processors to work with their supply chains to develop new and innovative products based on real customer needs. Look out for more info on the C2 website - [www.ctwo.org.uk](http://www.ctwo.org.uk).

### MARCH

#### Chairman's 'Introductory' Seminar

**Tuesday 2 March - North East (venue tbc)**

A repeat of last year's initial seminar for chairmen/vice chairmen, to be held in the North East.

#### C2 (Cultivating Collaboration) project seminar – Profiting through partnership

**Tuesday 23 March - Norton House Hotel, Ingliston**

As well as formal presentations and a Question & Answer session with all the speakers, there will be an opportunity to meet the speakers and learn how they work with supply chain partners in a series of 'Audience with....' sessions.

To book or for more information, please contact Fiona Hamill on 0141 956 7089 or email [info@ctwo.org.uk](mailto:info@ctwo.org.uk)

### MAY

**SAOS AGM and Council Meeting - Wednesday 19 May**

### OCTOBER

**SAOS Council Meeting - Wednesday 27 October**

### NOVEMBER

**SAOS Annual Conference - Thursday 4 November**

"It was a new experience to speak with agricultural co-operators from every other continent, and a great honour to be invited to present a perspective from Scotland" according to James. "I had been asked to give an overview of the climate change issues as seen from Scotland, and the role of co-operation in addressing them. In discussion, it really hit home how agriculture in many other countries is already quite severely affected by climate change, through extreme weather destroying entire crops, or simply through absence of water for irrigation where crops had previously grown. In my presentation, I made

clear my view that global food security and climate change cannot be considered separately. There was undoubtedly agreement on this point. I also pointed to the need for co-ordinated action by governments to reduce volatility in agricultural commodity prices, and to address power concentrations in the supply chain. Both were undermining farmer confidence and adding to food security worries."

Dame Pauline Green was elected as President of the ICA at the General Assembly. SAOS is continuing discussions with Co-operatives Europe with a view to future participation.

## C2 - CULTIVATING COLLABORATION - C2 - CULTIVATING COLLABORATION

### C2 Project update

Since it was launched, the C2 project has had direct contact with 47 organisations and 126 companies. In addition, 158 farmers have attended events. Recent project highlights include:

- A workshop for Argyll Hill Lamb farmers, held jointly with the Argyll and Bute Agricultural Forum and NFUS, attracted 44 delegates who learned how to add value to their animals.
- The report on the Argyll Lamb Supply and Public Procurement pilot project was finalised – the team worked closely with the Argyll & Bute Agricultural Forum and with wholesaler, Forteith Foodservice to develop

a pilot project, testing the financial viability of supplying Argyll hill lamb into local restaurants and schools. The initial 2008/9 pilot was run with 250 hill lambs. The pilot is now being scaled up in 2009/10 to run with 1000 lambs and the farmers, with help from SAOS, are in the process of forming a registered co-operative.

- C2 has produced Public Procurement Guidelines for Food and Drink SMEs to help them to better understand the public sector market
- The inaugural C2 'Partnership for Success' award was made to Cobbs Cakes at the Highlands and Islands Food and Drink Awards in October
- The first C2 Dissemination event – Profit-

ing Through Partnership – will be held at Norton House Hotel, Edinburgh, on Tuesday, March 23rd, 2010. Speakers include Duncan Sinclair, UK Agricultural Manager, Waitrose, John Forteith, Senior Partner, Forteith Foodservice and David Sands, Chief Executive, David Sands Ltd. **To book a place go to [www.ctwo.org.uk/events](http://www.ctwo.org.uk/events)**



*The C2 team, from left to right: Hamish Walls, George Noble, Jennifer Grant, Dougie Watson, Rona Sutherland, Fiona Hamill, Bob Yuill, Alan Stevenson and Jim Booth.*

### C2 CASE STUDY - Adding value through brands - Mackie's at Taypack

One of Mackie's goals is to maximise the value of its brand and diversify into other markets. Its research pointed to premium crisps - a market in which there was no other Scottish company. Russell and George Taylor of Taypack, had also identified the same gap in the market. When they found out about the other's plans, both companies realised that they would benefit if they could find a way to work together.

In their early discussions, they quickly realised that they had a lot in common:

- both wanted to grow their companies - Mackie's by maximising its brand and Taypack by maximising its product value
- both had identified the premium crisp market as a growth opportunity
- both had similar corporate values on important issues like product quality, treatment of staff and environmentally friendly management.

They agreed to create a new joint venture company - Mackie's at Taypack.

The benefits for each company made the joint venture a much more attractive, and stronger, option than going it alone. But whilst they could see the benefits, they also realised that they needed some help to hammer out the detail of a shareholders' agreement.

SAOS, through the C2 project, provided help and expertise to both parties, acting as an independent facilitator.

The joining of resources – and consequent doubling of investment in equipment and increased commitment to marketing support - has enabled the company to create a formidable new Scottish entry in a competitive market with Mackie's crisps. If Mackie's or Taypack had gone along with the original plan to proceed alone, production would have been on a much smaller scale. The joint venture reassessed their separate research on equipment to take into account their increased volume targets. Meanwhile, the financial benefits include the fact that the investment for each company is on a similar scale to Mackie's original plan, because it is now equally shared between the two businesses.

For Taypack, the value of the Mackie's brand has proved to be a major benefit – it clearly generates curiosity and loyalty from existing consumers, receiving very positive feedback and some immediate listings from customers even before production had begun. The overall objective is to grow Mackie's at Taypack sales to £3 million within two years and to increase the number of employees to 15. They aim to secure listings with the major multiples, independent retailers, delicatessens and wholesalers and to investigate export opportunities. The company will also continue work on new product development within the snacking sector.

#### Key points from this case study:

- a joint venture can increase the scale and volume of a new product at an early stage
- a third party helped the companies to develop the terms of the agreement
- a similar pedigree and values can be very important to a collaborative relationship
- both parties must be able to see a clear opportunity for growth
- trust and openness are essential to maximising the opportunity

For more information and case studies, go to [www.ctwo.org.uk](http://www.ctwo.org.uk). There is also a video on the Mackie's at Taypack study on the website under: [why-collaborate/case-studies/new-opportunities/adding-value-with-brands.aspx](http://why-collaborate/case-studies/new-opportunities/adding-value-with-brands.aspx).

*Kirstin Mackie and George Taylor showing the new crop*



## C2 - CULTIVATING COLLABORATION - C2 - CULTIVATING COLLABORATION

### C2 CASE STUDY - Making an impact - Argyll Food Producers

Rock and Roll has proved to be a hit for the Argyll Food Producers, after their successful debut at the 2007 Connect Festival.

The group, which formed with the facilitation and assistance of the SAOS Cultivating Collaboration project, Argyll & Bute Agricultural Forum and with support from Highlands and Islands Enterprise, Argyll and Bute Council and Leader, and Co-operative Development Scotland, had to take risks, overcome skills issues and be prepared to make cash investments to achieve success. The group's story is clear proof that collaboration can help businesses get into new markets, increase profits, share costs and marketing – but there are obstacles to overcome.

DF Concerts, the organisers of the 2007 Connect Festival, at Inverary Castle, wanted local quality food on offer at the event. The Argyll and Bute Agricultural Forum took up the challenge and its Strategy Development Manager, Fergus Younger, approached a number of local producers who already sold through farmers' markets, farm shops and by mail order. Seven agreed to take part – Bumble Puddings, Inverloch Cheese, Inverlussa Mussels, Kingcross Herbs, Ifferdale Lamb, Barbreck Farms and Loch Fyne Oysters – but few had experience of 'ready to eat' food service on such a scale.

#### Key points from this case study:

- a third party can help facilitate a group of companies which wants to collaborate
- the group had to develop new skills and products to enter a new market
- they had to take risks and share costs
- they had to agree to co-operate in this market whilst remaining competitive in others.



Fergus managed to interest Highlands and Islands Enterprise in the venture, which helped the group bring in a food technologist, Alison Sykora. Alison worked with each company to develop suitable products and give them training in public food service catering – health and safety, food preparation, cooking, portion control and service management.

To get into this market, the most effective approach is the one taken by the Argyll Producers – they created a 'pavilion', which became a visitor attraction at the event, rather than just a place to pick up something to eat. The marquee helped them create the foundations of a brand which highlights the quality and origins of the products on offer.

Right from the start, the companies embraced two of the fundamental elements of collaborative working – investing cash and time without knowing what the return would be, and sharing costs. Producers paid their own event fees, but the group split the costs of the marquee per square metre occupancy and split the power and service costs equally. Transport to and from the first Connect event lay with the individual companies, but they have since begun to share transport and reduce costs.

This type of food service market is characterised by loyalty between long-standing suppliers and event organisers. If individual companies do succeed in getting through, then it is more than likely they will be restricted in what they can offer, often operating from a single outlet, such as a van. Katie Ritchie of Barbreck Farms says

that, although she had considered entering the market, she had not yet done anything about it when the opportunity to be part of the Argyll Producers group came along. She adds: "We did look at it, but I believe it's much better to go as a group. It creates more of a presence and becomes an attraction for the crowds."

One of the things which is very clear from the Argyll Food Producers' experience is someone, or some organisation, has to act as the 'glue' which binds the group together. Fergus Younger took this role with the Argyll group. They needed outside support to co-ordinate group activity and act as a focal point, help design the pavilion and get the companies the development support and training they needed.

Another of the main issues which the group has had to address is competition, both among the existing members and from new companies wanting to take part. The group has now been formally constituted as a co-operative, and the agreement reflects the status of the original members without closing off the potential for new companies to join.

Working together to break into the festivals market has reaped other rewards for the businesses. As well as developing new products and new skills, they have invested in new machinery and equipment, which will help them in their other activities. Some have begun cross-selling – Bumble Puddings are now on sale in the Loch Fyne Oyster shop, for example, and they have also created new employment in the area.

### Do you have a case study to share?

Although these case studies were undertaken as part of the C2 project, we are happy to help SAOS members to create their own case studies if they feel it would be beneficial - perhaps as part of a campaign to recruit new members, or simply to publicise the success of a project.

If you would be interested in this type of activity, please contact Jennifer Grant on 0131 472 4104 or [jennifer.grant@saos.co.uk](mailto:jennifer.grant@saos.co.uk)

## PROFILE - DAVID MITCHELL

Continuing our series of profiles, we focus in this issue on SAOS' Chairman, David Mitchell, who took on the role in May this year. Next in 'the chair' will be Douglas Watson who, amongst other things, will be telling us about his new role as National Development Officer for farmers' markets.



### Tell us a bit about your role as Chairman of SAOS.

Six months into the role I'm pleased to be able to say that so far things have been pretty straightforward. Much of that is due to James' professionalism and I am very grateful for that. It is a real pleasure to lead the discussion at both Board and Council meetings for, despite all the challenges we face, they are usually pretty positive due to the fact that SAOS is a 'solution-focused' organisation.

Formally, I see my role as Chairman as having a direct responsibility for the corporate governance of SAOS. I see it very much as a link with the other organisations we work with and with Scottish Government who provide our core development funding. I also hope to find the time to visit as many member businesses as I can and I am very keen that as a Board, we take our meetings 'out and about' to meet other co-op boards.

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

The people. Quite simply meeting and working with all the different people within and around SAOS; fellow board directors, Council members and the staff, as well as the many co-op farmer directors and managers I get the chance to meet. I get a great deal of pleasure when I see success for either the staff team or our member businesses. And there are the special moments like watching Colin Owen at our conference dinner recently when he realised he was to receive the Ed Rainy Brown Award.

### What do you see as the biggest challenge for SAOS?

I do not see the pressures on our industry diminishing in the near future, in fact I think in terms of risk and volatility in the marketplace they are likely to increase whilst at the same time we will undoubtedly have to deal with some of the effects of climate change. I believe we will see an increased need and demand for SAOS' unique expertise to meet these pressures. A large proportion of SAOS' income is either directly or indirectly Government-sourced and after the next election there is almost certain to be serious constraint on public funding. Squaring that circle will indeed be a big challenge, but I don't think we need be phased by it.

### Your 'other role' must also take up a fair amount of your time, tell us about that.

There's nothing extraordinary about how we farm. I simply try my best to have everything working to its optimum level as opposed to the maximum - leaving a wee bit of slack to fall back on. We are a mixed farming business on arable, upland and hill ground. We are breeder/finishers on the livestock side and very fortunate to have a number of outlets for our stock within a 20-mile radius. We have put a fair bit of effort into the health aspects of our livestock enterprise and, being a member of Hi Health, we are operating pretty much a closed herd of 170 suckler cows and a flock of 800 ewes with replacements either homebred or bought from known health status farms. We grow winter barley for our own use and grow high N malting barley. The stock is sold through the Highland Glen group and the grain and inputs are traded through East of Scotland Farmers.

### If you could change one thing about the agriculture industry, what would it be?

It would be that we could reverse the trend of fewer and fewer people being involved in agriculture. It is important that we find new ways to retain the structure of family businesses which underpin our rural communities.

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

The honest answer to this is that I haven't had a lot of free time recently. However, having got the farm back near to where I would like after some neglect whilst I did the politic bit, I'm looking forward to getting back to some golf. I enjoy going to live music concerts/musicals and I used to sing in a barbershop choir and I think I'd like to try that again. As a recent and 'youthful' grandad to two girls who live next to us on the farm, I suspect they might be well up the pecking order for any spare time I have from now on.

### What's your ideal holiday?

I don't know if I have an ideal holiday as such. There are still many bits of Scotland I'd like to see. I am fascinated by life on the Scottish islands and I enjoy the wild and remoter bits of the West Coast. I'd really like to see some of New Zealand and Australia, so with a bit of luck we might do that in a few years.

In line with our sustainability focus, SAOS will not be sending Christmas cards this year, saving some trees and some pennies! We would however like to wish festive greetings to all our members from everyone at SAOS.

If you have anything to contribute towards future editions of Update please contact: Jennifer Grant, Communications and PR Manager - Tel: 0131 472 4104 or email: [jennifer.grant@saos.co.uk](mailto:jennifer.grant@saos.co.uk)