



Farm Stock (Scotland) Ltd

- 🌿 **Farmer owned co-op with 835 members and 443 non-members on our database**
- 🌿 **Our business is the trading of sheep and cattle on a deadweight basis to abattoirs throughout the UK with the objective of maximising returns to producers through economies of scale, negotiation power through volume and by matching stock with abattoir demand on the day they are marketed. Store and breeding stock are also traded direct from farm to farm**
- 🌿 **Handle around 160,000 sheep and 4000 cattle each year**
- 🌿 **With a plan to take our sheep numbers to 250,000 or 10% of the Scottish prime sheep market by 2020, our priority is sheep and we are very concerned about the state of the current lamb supply chain**



Lamb Supply Chain

- 🌿 **2015 Government Discussion Document on The Future of Scottish Agriculture**
 - 9 outcomes including creating ‘Supply chains resilient for future shocks and challenges’

- 🌿 **Farm Stock has surveyed the lamb supply chain, consulted stakeholders, participated in a government sheep sector review and held a major conference and it is clear that the current lamb supply chain does not meet the government’s vision**

- 🌿 **Supply Chain Conclusions**
 - Broken, adversarial and inefficient
 - Based on self-interest and a buy low and sell high attitude at every stage
 - Blame culture with little trust and empathy and lack of shared focus
 - Poor data exchange and communication both up and down the chain
 - Mismatch of supply and demand
 - Lack of product consistency
 - Poor use of modern technology



Nothing New

Extracts from a 1929 SAOS Scottish Border Farmers Report

‘Cold storage is really the crux of the problem. There can be no effective market control unless we can deal with supplies that are surplus to the immediate requirements of the market’

‘I look forward to the day, which I hope is not too distant, when we will have the kind of national organisations which will be able to regulate supplies to the markets according to the requirements of the markets and will eliminate the unnecessary elements in the distributing machine’



Good News

- **Co-ops with their position in the supply chain are ideally placed to bring about change and are viewed by government agencies as an ideal vehicle for change**

- **Depending on chain efficiency there are massive benefits to be gained through change**
 - **Within Farm Stock we believe there is at least £10 per head of waste within the lamb supply chain worth £25m per year to the industry**
 - **With the current government focus on resilient supply chains, sustainability and co-ops there is both physical and financial help available**
 - **1929 SAOS report syndrome still exists and danger that no action will be taken**

- **Farm Stock has unilaterally assumed a lead role**



Farm Stock's Lead Role

Secured agreement from all the stakeholders in the M&S supply chain to identify waste, improve efficiency and to find and trial solutions in a fully integrated supply chain

- Farm Stock's producer members
- Farm Stock as the intermediary between the producer and the abattoir
- M&S abattoir in Scotland - Scotbeef
- M&S as the retailer

Secured Market Driven Supply Chain (MDSC) funding through SAOS

Applied for Knowledge Transfer and Innovation Funding (KTIF) of £300 - £400K for a 3 year project to examine ways of delivering what M&S require and to improve efficiency in the M&S supply chain which, if successful, can be rolled out to the industry in due course



MDSC Funding

-  **Task - Map the M&S supply chain identifying areas of waste and inefficiency**
-  **Objective – With the current lamb supply chain providing inadequate returns to stakeholders, the objective of the project is to improve efficiency and remove £10 per head from the cost of the M&S supply chain by 2020**

Flora Stock (Australia) Ltd - Concerns

- 100% of lamb slaughtered over the border is shipped with "abattoir" tag to EU
- No requirement to supply origin & breed
- The marketing for EU
 - Consistency
 - Control the quality
 - Consistency
 - Consistency

Abattoir Concerns

- Unprofitable value chain
- Almost total lack of performance
- Variable supply & inconsistent quality
- Up to a third can be out of specification
- Poor grassland management
- Problem removal from flock through industry fragmentation
- The likely ongoing reduction of export increasing future market exposure
- An uncertain legislative framework

SAOS *Family farmers - together*

SAOS





Supply Chain Map Findings

Issue	Action
Too much product variation at the farm gate	Farmer / Farm Stock
Education of producers	Scotbeef / Farm Stock
Only 75% of Farm Stock lambs meet Scotbeef spec	Farm Stock
Not enough penalty for overfat	Scotbeef
Too many phone calls / inefficient admin	Farm Stock
Insufficient forward notice of requirement	Scotbeef

Farm Stock is the lynch pin in the process and has the ability to influence both producer and processor and to drive change



Next Steps

- 🌿 **Agree and prioritise list of hot spots**

- 🌿 **Too much product variation at the farm gate**
 - **Fat cover**
 - **Weight**
 - **Breed**

- 🌿 **Set up an improvement plan – what, how, who and when**

- 🌿 **Set up project team to deliver improvement plan**