

What Next for Scotland's Livestock, Dairy and Cereals Co-ops?

That's the question our speakers from the worlds of banking, business and politics will answer at this year's SAOS conference on 4th November. And to cap the event, Richard Lochhead MSP, Cabinet Secretary, has agreed to speak at dinner.

Even taken against the experiences of the last four or five years, farmers and agricultural co-ops in Scotland are facing enormous change and uncertainty: a new UK Government; an upcoming Scottish election; CAP reform; GM debate and increasingly tight public spending. And those are in addition to the ongoing effects of recession, climate change targets, volatility in commodity markets and the continuing imbalances of economic power in the supply chain. All these affect returns to farmers in one way or another, and therefore shape business strategies in our farmers' co-ops.

The speakers for this year's conference, who will be providing their views of 'what's next', are:

- **Alyn Smith MEP, the Scottish Nationalist Party – Member of the European Parliament Committee for Agriculture and Rural Development.** Alyn won the Scottish Farmer Magazine awards for 'Outstanding Contribution to Scottish Agriculture' and 'Champion of Champions' at the Highland Show in 2009. He will address CAP reform.
- **Stephen Boyle, Head of Group Economics, Royal Bank of Scotland –** Stephen's career experience as an economist spans business, academia and banking. He will look at the effects of current global economic issues and their consequences for food and drink.
- **Paul McLaughlin, Chief Executive, Scotland Food and Drink –** Paul has more than 15 years of international commercial and marketing experience, many of these with Coca Cola. He is leading Scotland's industry drive for growth and increased added value. He will present key objectives and strategies.
- **'Uel Morton, Chief Executive, Quality Meat Scotland –** is well known and much respected by all SAOS members and will set out the prospects for Scotland's red meat industry.
- **Neil Kennedy, Chief Executive, Milk Link –** this co-op is a key player in Scotland and owner of the Lockerbie creamery, we are fortunate to have Neil share his perspective of prospects for the UK dairy industry. Neil has 25 years of business experience and previously worked for St Ivel Foods Europe.
- **Stewart Easdon, Ensus Group Ltd –** with Ensus now becoming a major consumer of UK wheat for bioethanol production, Stewart will set out what this means for the market both short and long term.

David Mitchell, Chairman of SAOS comments: "This is a very relevant line up of speakers for all of us involved in livestock, dairy and cereals, and it's particularly well-timed. In the midst of the political debate of a Scottish election, spending cuts and CAP changes, it will be good to have well informed market perspectives that will help highlight the opportunities our co-ops should pursue. I ask all directors to put the date in their diary now."

The conference is being held at Dunblane Hydro Hotel on Thursday 4th November 2010, starting at 1.30pm. For full details and booking form, see the conference brochure enclosed with this issue, or contact the SAOS office on 0131 472 4100. **Please ensure that your booking is with us by 28 October at the latest.**



David Mitchell,
SAOS Chairman



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Machinery Rings lead the way with advanced IT system

This will not be news to anyone who uses the system and benefits from it – the 20 plus machinery rings in the UK – most of whom have been reaping the benefits since the early 1990s. We spoke to Bruce Hamilton of Tayforth to find out more about it.

The system, RINGdata, was produced by Farmdata who are based in Aberdeen-shire, but the way it operates and its extremely high level of functionality are very much due to the input of the rings themselves. Bruce himself is clearly a bit of a computer whizz – having done “a bit of computer programming” while he was at university. This has resulted in a system which is completely ‘tailor-made’ and way beyond anything available off the shelf.

There are actually two systems which work together to make life a lot easier at Tayforth: their phone system links to the main data system, allowing calls to be logged and analysed. A screen in each office shows the incoming call information, allowing calls to be answered by the appropriate person. On a quiet day, Tayforth receive around 50 calls, but at busy times they receive around 200 calls a day. There is of course an answer phone for calls out of office hours, but the system logs who has called and when, so calls can be followed up even if no message is left. This also allows analysis of especially busy times and resulted in Tayforth recently extending their Saturday opening hours.

The main benefit of the system is that it uses

the UNIX system of data transfer, rather than the more widely used Windows system, which also transfers graphics. Data alone can travel many, many times faster than data plus graphics – and with things further speeded up by a series of keyboard shortcuts, analysis and searches can be done in the blink of an eye. It also means that there is no likelihood of ‘crashing’ as there isn’t anything being transferred liable to bog down the system. Bruce keyed in a sample job to show how it would be allocated - a mine of information flashed up in a second - listings of who was near to the job geographically, whether they were available, who had worked on the farm previously and what they’d done - it was mesmerising to see the level of data which was available in an instant.

The system provides various levels of reports for the rings:

The first is a basic reporting of services, such as who has done ploughing and when; how much fuel has been sold; or a comparison of which services have increased or decreased.

The second is to report on member details – 95% of initial requests become ‘active’ and turn into jobs, but the 5% that do not, require close examination of the ‘why not?’ to improve the ring’s service.

The third is the real beauty of this tailor-made system - special built-in formats are continually being ‘tweaked’ to enable the reporting of management accounts to be as user-friendly as possible. One of the improvements the rings asked for a few years ago was for the formats to be fully modifiable

by the user, so that they can compare several years or budgets side by side - making a hugely powerful accounts reporting system.

All modifications are agreed by the rings and the requests for system changes go through either Ringlink or Tayforth. The rings have a kitty to cover the costs of changes, which can be made to any part of the Farmdata system, from the search engine to the reporting and output options. Over the years, the investment has been considerable, the rings have collectively spent over £100,000 on the system so far - a figure that none could have individually afforded - a great example of co-operatives working together to achieve something they couldn’t do alone.

It makes sense that the system works for all of Tayforth’s 850 members too – one plus is that information regarding a job can be communicated by fax, print, email or text - which is obviously ideal for those on the move, with the details of ‘when and where’ able to be sent direct to their phone. And members can input their invoices through the website as well as the more traditional ways - with more and more of them choosing to use the internet. This simplification means that, although there are four contract staff arranging the jobs, it takes only one part-time person to deal with the 8000 invoices and direct debits per year - pretty impressive stuff.

Bruce Hamilton of Tayforth showed us the system



Country Markets – coming to a town near you?

Following the success of farmers’ markets, a new type of producer market is now emerging in Scotland - variously known as a country market, community market or village market. These markets are starting up in towns or villages that do not have sufficient numbers of rural food and drink producers for a full farmers’ market. Country markets are generally held once a month, either outside on stalls, or indoors in halls or community centres. There is no particular limitation as to what is sold at country markets and a mix of private and community interests sell a wide range of food and non-food products. Country markets are proving very popular as meeting places for the rural community as many smaller towns and villages have lost their local shop, post office or village pub. Currently, all country markets in Scotland are run on an individual basis, whereas in England many run under a national co-operative model known as ‘Country Markets’. SAOS, in association with Co-operative Development Scotland, is currently promoting the Country Markets model in Scotland and has some limited funding to support new market start-ups.

Full details are available from douglas.watson@saos.co.uk or www.country-markets.co.uk

Refreshment for Directors!

Possibly not quite as popular as a glass of something long and cool at the end of the day, but we hope that the ‘next generation’ of Director Development courses will be of more benefit in the long run!

For a number of years now SAOS has delivered a series of Director Development training courses covering five subjects: Managing People; Strategic Planning; Marketing; Finance; and Governance. This programme is still available to interested co-op directors, dependent on numbers.

This winter, we are also planning to deliver

a new one-day ‘Director Update’ seminar aimed at experienced directors who are looking to update their skills and knowledge in a range of topics necessary for effective board directors. The new ‘Director Update’ seminar will be offered at two venues:

- **Tues 23rd November 2010, at the Thainstone Agricultural Centre, Inverurie.**
- **Tuesday 27th January 2011, at the Rural Centre, Ingliston**

To book a place on the new ‘Director Update’ Seminar or one of the existing Director Development courses please contact the SAOS office on 0131 472 4100.

Orkney plays host for 2010 Machinery Rings conference

This year’s annual conference for UK machinery rings will be held at the Ayre Hotel, Kirkwall, Orkney on 11 and 12 November. The main topic for the conference is the rings’ role in assisting farmers to maintain and develop viable and sustainable businesses - and will address the three main aspects of sustainability - Economic; Societal; and Environmental.

Hamish Walls of SAOS will present on how rings could more effectively convey information on their services as well as the benefits of rings and co-ops as a whole. The programme includes five additional speakers, plus workshops and discussions. Peter Cook, Agricultural Economist, will speak at dinner on the Thursday night.

The conference is open to all. For more details or to book a place, contact your own ring or Erik Firth at Orkney Business Services on 01856 879080.

CULTIVATING COLLABORATION - C2 PROJECT UPDATE

C2 - CHANGING ATTITUDES TOWARDS COLLABORATION

An interim evaluation of the C2 project clearly indicates that it is viewed as an innovative project, delivering value for money. It was also frequently cited as an excellent example of achieving real improvement in the industry and contributing to growth ambitions.

The report, carried out on behalf of SAOS by Ekos, details how C2 has influenced attitudes to collaboration and changed behaviour, as well as identifying some of the real business benefits which have resulted from collaboration. It covers the period from the beginning of the project in October 2008 until May 2010, about half way through its three year duration.

The key findings from the report included:

- 72% of the participants reported an increase in understanding of collaborative supply chains
- 73% of companies were more inclined to collaborate, with 65% of the businesses indicating that they have implemented or are planning to implement activities as a result of C2
- 72% of respondents made new contacts due to their involvement with the C2 project. These included new orders with new business partners and the holding of ongoing discussions with potential partners
- As a result of involvement with the project, 77% of respondents had accessed local suppliers, and 62% had expanded into new

markets. Of these benefits, 74% would not have happened at all without C2, or would have been later, smaller, or of lower quality.

- 56% of beneficiaries indicated they had learnt/would learn more about collaboration.

Finally, those interviewed were asked for additional comments. The main responses included:

- the staff/SAOS are helpful
- the project is run professionally
- events are well run/organised, with good venues.

The report also found that interviewees identified the bank of knowledge in the SAOS team as a key strength, as well as the range of partners with whom the C2 team has worked to deliver the project.

Commenting on the report, Alan Stevenson, SAOS Supply Chain Development Director and C2 Project Director said: "There are some really positive elements in this research, especially the change in attitude to collaboration by businesses."

"Because of the long-term nature of collaboration, it is too early to demonstrate full economic impact, but this will happen as the project develops. It is however great news that they have captured the fact that businesses involved are already experiencing real, tangible benefits."



SEMINAR - SUPPLYING THE PUBLIC SECTOR

Businesses interested in supplying the public sector are invited to a seminar in Perth on October 6, 2010. 'Supplying Food and Drink to the Public Sector - Demystifying the Process', is being delivered by SAOS through the C2 project, in conjunction with Scotland Food & Drink (SF&D).

The seminar, which takes place at Perth Racecourse, is free to all Scottish food and drink companies and is a must-attend event for anyone interested in new market opportunities.

A new guide to public sector procurement was published by SAOS/C2 and SF&D in April this year. You can download a copy at www.ctwo.org.uk by going to Get Involved and clicking on Downloads.

The Perth seminar follows a successful inaugural event in Aberdeenshire in May. Many companies attending found this very informative, including Keith Whyte of Mitchells., who commented: "The various speakers helped to reassure us that the effort involved in applying for public sector contracts are worthwhile and there is assistance for any companies that think this area of supply is only for the big guys. It was one of those meetings I was glad to have attended and will help our business in the future."

The Perth seminar, which will be chaired by Robert Graham, Managing Director of Graham's, The Family Dairy, will include speakers from the NHS, Councils, Scotland Excel and from food and drink companies which have been successful in winning public sector contracts.

For more information or to book a place email fiona.richmond@scotlandfoodanddrink.com or phone her on 0131 524 8644. Please note that places are limited.

INNOVATION PROGRAMME FORGES AHEAD

The four companies taking part in the C2 pilot Supply Chain Innovation programme are making good progress after an intensive period of activity. The companies - Summer Harvest Oils, Connage Highland Dairy, Border Biscuits and Thomas Thomson - are being helped through a course of rapid product innovation. The companies set out to develop a new product, service or market opportunity aimed at identified market needs.

Those taking part have been involved in an intensive, interactive and hands-on experience: the product development process is stripped back to its essential component parts, and each company is then walked through it, stage by stage. The companies have to focus on the task in hand to reach milestones in product development over the course of the project.

Three of the four companies in the pilot have worked on new products, with the fourth concentrating on how to develop recipes for existing products to extend shelf-life.

It began with them taking part in a workshop to generate ideas, which involved a number of staff from each business. At the end of this, each company had a shortlist of two to three main ideas for further development.

The C2 team, with consultants from Matrix, worked closely with each company to help them choose one idea to progress - and then gave practical support, advice and access to external expertise throughout the new product development process. All of the companies are now well on the way to achieving their goals.

Jill Clark, of Connage Highland Dairy says: "When you run a small business, you have your head down concentrating on the day to day - we are either making cheese or selling cheese! It is difficult to find the time to think about new products and ideas, or how working with other companies on new products might be possible. This is something we have done together as a team and it has helped us to focus our thinking about the company and to act on it."

Mark Bush, of Summer Harvest Oil adds: "The best thing about the process is that it really makes you focus your attention on what you need to do to collaborate and develop your business. I found the methods used very helpful - you pin down your thinking and by asking yourself a series of simple questions you are able to weed out the ideas with potential from those that are not going to deliver for your business."

The C2 team will be rolling out the supply chain innovation programme to more businesses later in the year. **If you would like to get involved, please contact George Noble at george.noble@saos.co.uk or call him on 07894 414512, or Rona Sutherland at rona.sutherland@saos.co.uk or call her on 07855 790749.**

Pictured, right, are representatives from the four pilot companies: Thomas Thomson (Blairgowrie) Ltd, Connage Highland Dairy, Summer Harvest, and Border Biscuits



PROFILE - JAMES GRAHAM

James Graham joined SAOS as a Project Manager and has been with the organisation for more years than he cares to mention apparently! We can tell you that he's been Chief Executive of the organisation since 1998. Here he tells us about his role and how things have changed during his time with SAOS.



How long have you been with SAOS and what are the biggest changes you've seen in that time?

I've been with SAOS for more years than I care to think about. I worked for West Cumberland Farmers at Carlisle and Brampton after university and then joined SAOS (so you will have to figure out the real answer for yourself). From a financial perspective, farming is much tougher now than when I started at SAOS. Global competition for space on UK supermarket shelves is much more intense than it used to be. This has actually benefited SAOS, because the need to co-operate to secure markets, add value and reduce costs has increased constantly from when I joined.

Tell us about the variety of your role.

Every CEO, whether the business is large or small, runs the risk of spreading themselves too thinly. If you try to be a 'control freak', you will worry too much and burn out. So I have to concentrate my time where my real responsibilities can't be delegated: enabling the staff team to be effective; helping the team to discover and develop new opportunities; Board, Council and Member governance and communications; communications with our partners and other influencers; 'talking up' farmer co-operation and our member co-ops.

What is the most enjoyable part of your job?

It's the team of people I work with - a highly talented and varied bunch of individuals who all contribute something quite unique and valuable to the mix. Our professional team dynamic is stimulating, challenging and motivational.

Are you optimistic about the future for Scottish co-ops?

I am optimistic, but I don't underestimate the challenges agricultural co-ops face in the global food and energy markets, and those arising from climate change and reconfiguring of the Common Agricultural Policy. For farmers, it's usually a case of 'David versus Goliath' in the supply chain, and the stakes are higher than ever. More than ever, co-operation is the best way for family farmers to find at least some counter-balance and retain their independence. At SAOS, we really do strive to provide the professional advice and services that co-op directors and managers need to steer through such a challenging, demanding period.

How do our co-ops compare to the rest of the world?

UK agricultural co-ops are generally smaller than those in other parts of the world because from about 1933, the UK adopted a system of statutory marketing boards to manage agricultural markets. In the 50 years they operated, farmers generally did not need the market role of co-ops. However, elsewhere in the world, those were the very years in which substantial investment in co-ops was being made by farmers, and some very successful co-ops were created. The UK is still 'playing catch-up'. For 50 years, UK farmers knew very little about co-ops. It's still not taught comprehensively in college and university, and that continues to be a constraint.

What would you be doing if you didn't work for SAOS?

I have no idea. I originate from a family farm. I was motivated by farmer co-operation when I visited a co-op grain store as a student, and it still motivates me today. SAOS is the best farmer co-op development organisation in the UK, so it's a great place for me to work.

How do you like to spend your free time?

I don't have an all-consuming hobby, but I have a wide variety of interests and of course spending time with family and friends is important. The problem is that there are just not enough hours in the month to fit everything in. I have an ambition to build a really modern eco-house on a rural plot. So if anyone has a plot, perhaps they could let me know?

What's your ideal holiday?

I can't do lazy holidays, and as a true 'northerner' I don't really know how to cope with intense heat and sun (pathetic, I know). So that means fairly busy, on-the-move, discovery and sight-seeing in a temperate climate – could be Scotland! I like going back to Sweden, Norway and Pacific North West of USA and Canada. Stockholm, Oslo and Vancouver rank amongst my favourite cities to visit.