

If, after reading these, you would like to know more, or would like to explore options to improve the way that your supply chain works, then please contact either **Alan Stevenson** or **Rona Sutherland**, of SAOS, to whom you can talk in confidence.

Alternatively, if you are already working collaboratively and would like to shout about it, let us know and we will be pleased to promote you and your partners in our case study series.

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Collaboration Delivers Real Commercial Benefits

DEALING WITH THREATS: COMPETITION

Why collaborate? The question should really be why not? When we talk about collaboration, we simply mean working in partnership. You can be as competitive as you like, but there are always some areas where co-operating with others makes more sense.

We've produced a series of case study examples to illustrate where companies have worked with other partners in their supply chains for mutual benefit. That last bit is key. There has to be something in it for everyone involved, or it is not true collaboration. This doesn't mean that the benefits are necessarily shared equally by all partners, but it does mean that they're shared fairly, recognising the effort that each has contributed.

The series looks at how companies are working together to tackle business issues for mutual success. However, it's not easy to start collaborating with others if you are operating in a supply chain where there is very little trust and openness.

No collaborative processes will work, unless you can develop relationships based on trust, so we've also tried to include good practice examples of what other companies have done to develop the right sort of relationships and ensure the benefits are shared with everyone.

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CASE STUDIES

Companies will generally compete vigorously with each other for a greater share of a market, or to buy goods and services. Competition may stimulate innovation, encourage efficiency, or drive down prices and is often a good thing for the consumer. However, sometimes companies also have to co-operate, to be able to compete more effectively.

The Scottish agriculture, food and drink industry is mostly made up of small companies, and one way to develop the scale to compete with large corporate players, is to co-operate with other like-minded companies – horizontal co-operation/collaboration. Supply chains which work collaboratively also tend to operate much more effectively than those which don't – vertical co-operation.

In 2003, the future for organic milk production in Scotland looked bleak. Prices were falling, the market was fragmented and, with a considerable amount of disillusionment in its ranks, a group of organic milk producers was faced with some important decisions regarding the future. In essence, the producers were being out-competed by a conventional milk product of the highest quality. With a realisation that the producers would have to work together, **Scottish Organic Milk Producers** (SOMP) was formed, with the aim of marketing the organic milk more effectively, that in turn would improve farmers' margins. SOMP also realised they had to have greater interaction with the supply chain and get closer to the consumer, so set about looking for partners with whom they could collaborate to bring about success. One of these partners is **Graham's Dairies** based in Bridge of Allan. By 2006, the organic milk market in Scotland had grown significantly and prices increased to provide business viability for the 27 members.



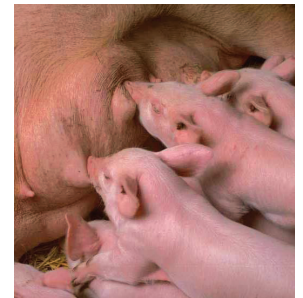
“Following a few tough years our members are now seeing a fair reward for their efforts and I am convinced that it would not have been possible without taking a more collaborative approach to marketing our milk.”

Stuart Martin, (SOMP)

Operating in the unsubsidised sector of agriculture, and with consistent quality competition from Denmark and Holland, **Scottish Pig Producers**, a marketing co-operative with a membership of some 120 pig producers, had to be pro-active and work collaboratively with the rest of the industry. In such a competitive industry, survival depends on the ability to innovate, to work collaboratively within the supply chain and to quickly adopt best practice.

An example of the Scottish pig sector's collaborative and innovative approach was the establishment of the first slaughter disease surveillance scheme in the UK.

Wholesome Pigs (Scotland) Ltd was the producer co-operative formed to manage the health scheme, where pig carcasses are regularly monitored post-slaughter to assess the presence of any clinical disease. Quarterly reports from each pig herd are then sent to each producer and their vet. The combination of Pig Health Monitoring and traceability are providing benefits in terms of reduced use of antibiotics and medicines, eradication of diseases, reduced production costs and the ability to promote a healthy more 'wholesome' product in the market. The success of the collaborative strategy is such that it is regarded by many as the UK benchmark and the one that the rest of the livestock sectors could learn from.



“Without a collaborative approach we wouldn't have a Scottish pig industry today, it's that simple.”

Gordon McKen, (Scottish Pig Producers Ltd)

Coldwater Shellfish, a primary scampi processor, operates in a difficult environment. The challenge in managing the fishing effort, makes it extremely difficult to predict the amount of product that will be available at any particular time. Fluctuations in supply that result from the huge variation in fishing conditions mean that supply chain collaboration is driven by the need to achieve a) continuity and consistency of supply and b) consistency of the quality of supply. Coldwater Shellfish works very closely with its **fishermen** suppliers and its customers, such as **Marks & Spencer** to make the process as efficient as possible. Coldwater Shellfish views its drive to improve the quality of the catch through high quality specifications and knowledge sharing, as one of the reasons that it has survived in an extremely competitive market.

“The sector is currently very tough and collaboration with others helps to ensure that we can develop our business. Due to the species involved, it has to be borne in mind that the combination of adverse weather conditions and catching seasonality factors can mean that supplies can be highly intermittent. Even the yield of fish achieved by individual boats is governed by weather, tide and catching ability. To overcome these obstacles it is essential that everyone works together to ensure that we obtain regular supplies of fish.”

Carl Briggs, (Coldwater Shellfish)