

# How to Improve Your Supply Chain

Some examples



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Improving Scotland's  
food and drink businesses  
through collaboration

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**SCOTLAND**  
OF FOOD & DRINK

**Here are some examples of how collaboration can improve supply chains**

### **We have a problem ....**

A chain, or someone in one, usually identifies an issue or opportunity at a key point. They've usually come to this point having been driven by a real commercial need to improve the chain. If companies in chains identify the key points and examine them, they can actively seek out and sell new ideas or solutions to other chain members.

**Example - Scottish Organic Milk Producers (SOMP)** Concern by Scottish organic milk farmers over declining sales and unsustainable prices led to research into the product offering and how the supply chain was working. This resulted in a clear recognition of a lack of connection in the chain and a lack of marketing. This led to a united response from the whole chain, from producer through to multiple retailer, and resulted in the establishment of a Scottish brand and a marked increase in sales.



### **We all know where we're going....**

An Informed Specification provides both the detail and market focus which a chain needs to respond well to a commercial opportunity. It sets out the goal which everyone is working towards and helps the chain to measure itself in achieving this: right specification, right time, right price.



**Example - Grampian Pig Producers (GPP)** - Concern over falling pork sales in Asda prompted research that identified the product that consumers really wanted and the price they were prepared to pay. Asda, Grampian Country Food Group and GPP worked together to achieve this, which involved new pig breeding technology and husbandry, processing skills and packaging technology. This resulted in a substantial increase in sales and cost efficiency savings for the whole chain

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## **We all know what we'll get from this...**

If everyone in the chain can see a win for themselves, this helps collaboration. This gives a focus for planning and discussion and identifies where each part of the chain can add value and find commercial advantage

**Example - Organic Valley, USA** - The company needed to work with other processors and suppliers to expand and to develop a wide range of organic products under the 'Organic Valley' brand. The strategy meant that several processors worked in partnership with Organic Valley through joint venture agreements, providing a single marketing gateway. This meant that retailers had only one point of contact. This approach also reduced distribution costs and helped strengthen the 'family farm' message and the organic message. Result - rapid sales growth from \$5m in 1994 to \$156m in 2004 and a range of 160 products.



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## **How are we doing...?**

Measures are essential to track the impact of development and to monitor progress. This also helps chains determine whether a project is worth doing by helping to forecast potential outcomes.

**Example - Seafish Value Stream Mapping** - In various seafood supply chains, this tool helps measure factors which improve or compromise the value of the product at various points on the chain. Issues like stock holding, waste reduction or information gathering to establish true customer demand can all be measured. This can result in production cycles being reduced by up to 50%

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## **We are all in this together...**

Points of connection are the joins in the chain. Sharing information between these vital links in the chain is essential if the benefit from the Informed Specification is to be achieved.

**Example - Livestock Marketing Ltd, Wales** - Now a main supplier to Waitrose, the company's success has been built on clear lines of communication and trust. Information about each animal sold through the group is fed back to the farmer by the abattoir. This helps them to improve their selection of animals to specification, make adjustments to the feeding and grazing routine, improve the genetics and the health of the stock and plan for the following season. The supermarket also regularly visits the farming group to discuss and resolve issues that affect them both. This has resulted in secured, steady sales growth and cost efficiency savings

## Can someone help us...?

Honest Brokers help stimulate action and offer neutrality in dealing with sensitive issues. They can unblock barriers, help facilitation and create new ways forward

**Example - SOMP** - SAOS acted as the 'go-between' for farmers, First Milk, Wisemans and the major multiples in the early stages. They helped measure interest and deal with any participants' concerns about the joint supply chain effort. This was essential in establishing trust from an early stage.

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## Who else can help us...?

It is important to recognise that specialist skills and knowledge from outside the chain are often needed. By analysing where skills and knowledge gaps are, the right external resources can be brought in to fill these.

**Example - Danske Slagterier** (Danish Bacon and Meat Council), Denmark - The organisation is a great example of a completely integrated approach to supporting the Danish pig industry. It provides marketing and consumer services, research, academic and specialist advice and training on pig rearing, animal welfare, health and transport, processing and new product development. This has encouraged technology exchange and cost reductions leading to improved industry competitiveness.

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For further information go to:

<http://www.ctwo.org.uk/who-we-are/contact.aspx>

## Success is on the cards...

**Collaborative Chains are vital to competitiveness.**

**Example - Gorton's Seafood, USA** - The Company applies Lean Management techniques to its own business with support from external specialist advisers. It is now helping the whole chain to follow suit by directly assisting with the training of its suppliers including all of its product ingredients, warehousing, packaging, services and distribution partners. The company displays a real willingness to share information with the rest of the chain which has resulted in substantial efficiency gains, supported by a real commitment to share knowledge.

