

"The problem was just the organization of the daily business" – managing growth in higher value food chains

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Higher value food chains tend to converge either towards rather narrow market segments and niches or towards conventionalisation and loss in added value when volumes and turnover start growing more significantly. Experience shows that when businesses and initiatives are expanding, they face specific challenges. In this contribution we will argue that consistency in business logic and goals, development strategies and management instruments use, and the related adjustments during the growth process, can very effectively contribute to a sustainable development of agri-food chains and make them more competitive, resource-efficient, equitable and inclusive. If, however, growth is not managed well, this can lead to complete failure.

In this paper we will present the findings from a set of case studies of growth in agri-food chains implemented during 2014 in ten European countries, including in Eastern Europe and Turkey. In each case study we will focus on the management of the food chain in terms of the business logic in place, the development strategies pursued and the specific management instruments used. The business logic connects goals (economic and other), development strategy and the use of particular management instruments. Key questions asked concern: the overall consistency of the business logic; the adjustments needed during growth; the continuous challenge of an effective coordination with consumer and retailer demands; the contribution of business logic and management to economic performance and efficiency. Our two main hypotheses are: (i) those businesses, initiatives and chains that managed growth successfully were driven by a consistent logic operationalized by suitable strategies and instruments; (ii) business strategies and instruments can (need to) change over time depending on the development phase of the business, initiative or chain and the up-coming challenges. In some of the case studies we will examine more closely the question of business models for an improved inclusion of smaller farms in value chains.

In the concluding section we will present key findings from the case studies with illustrative examples and, for discussion, the lessons that we think can be learned. The comparative analysis will help to better understand different development pathways with their particular challenges, management strategies and instruments. The lessons learned concern the interplay among key actors in food chains and related management strategies as well as the interplay between public and private sectors. Related to policy development we will identify factors limiting and enabling the development of higher value food chains.

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