

Managing growth in values-based food businesses and chains

- Results of case study analyses -

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Core Organic II Project

„HealthyGrowth - from Niche to Volume with Integrity and Trust“

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CORE organic II

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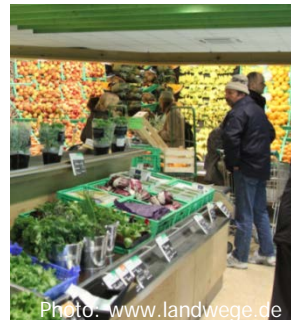
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Overview

- Maintaining values
- Analytical concept of the 'Business Logic'
- Results: common challenges, related responses and enabling factors
- Conclusion



'Extra' values of food products

- Standard (mainstream) production and processing means limited value-added.
- Additional quality attributes (product and process quality) are core elements of the different business models.

*„From our region“, “traditional style”, „mountain pasture“,
“organic”, „fair prices“, „with event character“, „natural“*



Photo: S.v. Münchhausen

How to manage the growth process without losing these ,extra' values?



No ,extra' values – no premium prices



Farm shop: the ,easy' way of connecting consumption with the values-based production and the producer

How to manage?



?

Analytical concept of the 'Business Logic'

The business logic describes the interrelations between values, business goals, strategies and management instruments used.

In the ideal situation we expect a coherence from values via goals and strategies to instrument use.



Source: www.dreamstime.com

“From vision to mission: that’s how we act. We have a holistic business concept: firstly we’ve defined values and strategies... then, we made a catalogue of criteria for the evaluation of our work processes, the fairness and much more. In the end, it’s about creating awareness.”



J. Weckmann (2015) Convention for Science Organic Farming; Workshop „Dialog Practice – Advise – Science“ (Eberswalde, 9/03/15)

Photo: HNEE.de

Case study analyses from HealthyGrowth project



10 Countries with
19 case studies

Thereof
5 Producer
cooperations

6 Family SME

5 Retail businesses
and food initiatives

3 Organic regional
initiatives

Results: Common challenges, related responses and enabling factors

Challenges during growth

- ✓ Managing larger volumes
(supply, production/processing, quality standards, storage, logistics, sales activities, more points of sales, marketing etc.)
- ✓ Need to invest ... access to financial resources
(e.g. excellent business plan for the bank, application for public funding, alternative finance)
- ✓ Need to professionalise the management
(strategic planning, leadership, re-organisation of systems, training/education of new staff, financial and quality controlling)
- ✓ Adapting communication: within businesses, between chain partners and transmission of 'extra' values to consumers
(e.g. participation of responsible staff in strategy processes, establishment of trust-based business partnerships)

Common problems encountered

- Management strategies and instruments were mainly based on trial-and-error or learning-by-doing.
- The need to professionalise management was often recognised only late in the process.
- In cases where the managers recognised the problem early, it was often difficult to mobilise the support needed.
- The lack of support mainly concerned non-financial assistance.



Source: www.funnypica.com

Factors enabling a values-based business development

- Effective strategy processes
 - ✓ Definition of the business idea, operational goals and strategies
- Use of adequate instruments in all management areas
 - ✓ Leading – Planning – Organisation – Personnel – Controlling
- Coherence along the chain (including consumer groups)
 - ✓ Development of strategic development plans not only for the business but for the whole food chain
 - ✓ Close and trust-based cooperation among business partners and public agencies (funding bodies, veterinary offices, towns etc.)
 - ✓ Common understanding of values
 - ✓ Use of adequate instruments for the chain as a whole
 - ✓ Ensuring fairness among partners

What does that mean in practice?

1. Management skills

- ✓ Using external expertise, e.g. coaching of management teams; targeted training schemes for production, controlling, marketing, etc.
- ✓ Implementation of an internal professionally led strategy process

2. Training and education of new/young staff

- ✓ Establishment of internal training schemes (including for example an internship on member farms)
- ✓ Dedicated modules on values-based food production/marketing in the curricula of private and public training centres, colleges, universities

...

3. Establishment of a manager role for the chain to ...
 - ✓ ... deal with formal and/or informal agreements between business partners regarding quality standards, material flows, sharing of value-added etc.
 - ✓ ... organize and facilitate regular meetings
4. Good cooperation and open communication among chain partners and administrative bodies concerning ...
 - ✓ ... food safety, animal welfare legislation (veterinary offices), etc.
 - ✓ ... environmental issues (water agency, nature conservation, etc.)
 - ✓ ... rural/regional development bodies (regional manager, etc.)
5. Fostering connections with civil society through joint activities etc.

To conclude

Well-managed food businesses and initiatives ...

- ... can act as a nucleus and driving force in values-based food systems
- ... have a coherent business logic with consistent goals, strategies and use of management instruments
- ... aim at trust-based business relationships with key chain partners
- ... benefit from a supportive institutional environment (not only regarding financial support)

Thank you!



Authors of the scientific paper

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www.hnee.de/HealthyGrowth

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