

Management of growth in values-based food chains

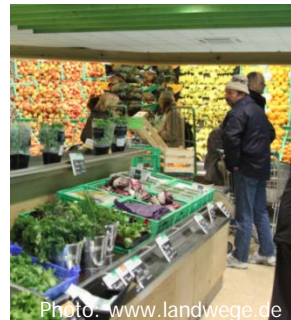
- Preliminary results of case study analyses -

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Overview

1. ‚Healthy‘ growth of values-based food chains
2. First results from case study analyses
3. Characterisation of chain structures



„Extra‘ values of food products

- ‚Normal‘ production and processing standards (organic and others) tend to be insufficient for values-based marketing.
- Additional quality attributes (product and process quality) and their excellent communication are highly relevant!

„Regional“, „from grassland“, „fair prices“, „feeling good“, „with event character“, „natural“



Photo: S.v. Münchhausen

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



Farm shop: the ,easy' way of values-based organic food marketing

No ,extra' values – no premium prices



How to manage?



?

2. Case study analyses from HealthyGrowth project



Case studies in eastern and south-eastern countries

Lithuania

- EKO Žemaitija: Dairy cooperative

Slovenia

- Planika Dairy: Processing business
- Ekodar Label: Marketing business

Turkey

- Sunder herbs: Processing business

Typical challenges

- Growing food businesses, initiatives and the related values-based food chains face
 - ✓ Legal framework (hygiene, taxation, formal organisation)
 - ✓ Different marketing partners / channels
 - ✓ Logistic problems (cooling, storage, packing, delivery)
 - ✓ Cooperation partners
 - ✓ Personnel development (recruitment, training, incentives etc.)
 - ✓ Access to financial resources for investment
 - ✓ More complex decision making processes (need to professionalise the management)

Management strategies

- Strategies help to connect overarching business goals with management instruments organising the daily business.
- Strategies to cope with these challenges are mainly developed during the process, by trial-and-error / learning-by-doing...
- Recognition of the need to adopt professional strategies and structures often lags behind reality.



3. First results of the case studies

- A variety of management strategies and instruments are used, in the areas: Leading – Planning – Organisation – Personnel – Controlling

- Business strategies (often implicit)
 - ✓ were the basis of a successful growth process.
 - ✓ secured distinct values adapted to the chain and type of products.
 - ✓ realized a strong integration of production, processing & marketing.
 - ✓ built on appropriate volumes of high-quality, differentiated, market-engaging food products.
 - ✓ Included fostering trust, transparency and win-win relationships between chain partners

Well-managed food businesses ...

- often act as a nucleus and driving force in the center of values-based food chains.
- sometimes aim at establishing integrated food chains by
 - ✓ investment in own processing and / or sales activities
 - ✓ development of a marketing label focussing on transparency.
- always built up trust-based business relationships with key chain partners.

... more results

- Typical adjustments during growth phases of initiatives are, e.g.:
 - ✓ Start-up of farmers' groups focus on different aspects of cooperation, such as joint processing or marketing
 - ✓ More mature farmers groups tend to function as economic association or legally registered cooperative with a strategic focus on e.g. product differentiation (and other strategies supported by well-organised management instruments)

A) Strong vertical integration

Objective

“Control”
over chain

Strategy

“One for all”
farmers - processors -
consumers

Management

Suitable legal form
Efficient decision making structures
Efficient communication & feedback loops
Excellent planning and organisation of
production and logistics

B) Independent enterprises

Objective

Vertical
transmission
of organic+ value

Strategy

All partners contribute to value
conservation while following
individual business strategies

Management

Formal and informal agreements
Quality control measures at all links in VC
Continuous vertical communication

C) Chain with “commons goals”

Objective

‘commons’ goals
e.g. 20% organic area

Strategy

Linking organic consumption
to regional organic
production

Management

Regional manager
Public Private Partnership
Efficient financial administration
Planning of supply and demand

Thank you!



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