

AHDB Supply Chain Conference 2018

The business of communication

AHDB Supply Chain Conference 2018

Chair's introduction

Mary Quicke

Quicke's Traditional Ltd.

Supply Chain

- GDP share of agriculture 0.83% 1990 to 2017, 0.52% in 2017
- Food as a whole 14%
- Largest manufacturing sector

Challenges & opportunities

- Commodity farming: performance level of top 25% - transparency
- Create an on-farm brand: Andrew Freemantle & Kenniford Farm
- Supply chain initiatives: Milk groups, Openfield, rearing contracts
- Future: control by big data

Work from knowledge

- Understand the industry we are in
- How do we as producers have power
- How do we make it happen in our businesses
- Understand the resources that are out there to support us



AHDB Supply Chain Conference 2018

The world's relevance to UK producers

Professor David Hughes
Imperial College London

The World's Relevance to UK Producers



**Imperial College
London**

Dr. David Hughes

Emeritus Professor of Food Marketing

AHDB Supply Chain Conference 2018

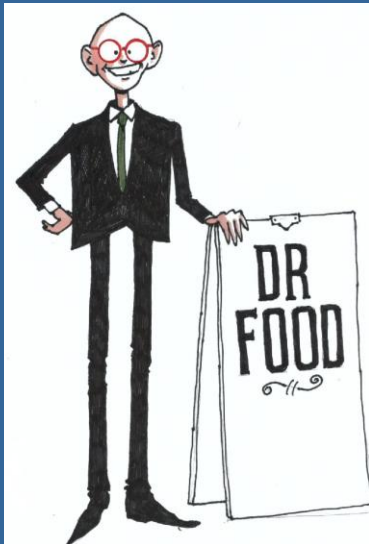
Kingston Maurward College, Dorset

November 14th, 2018

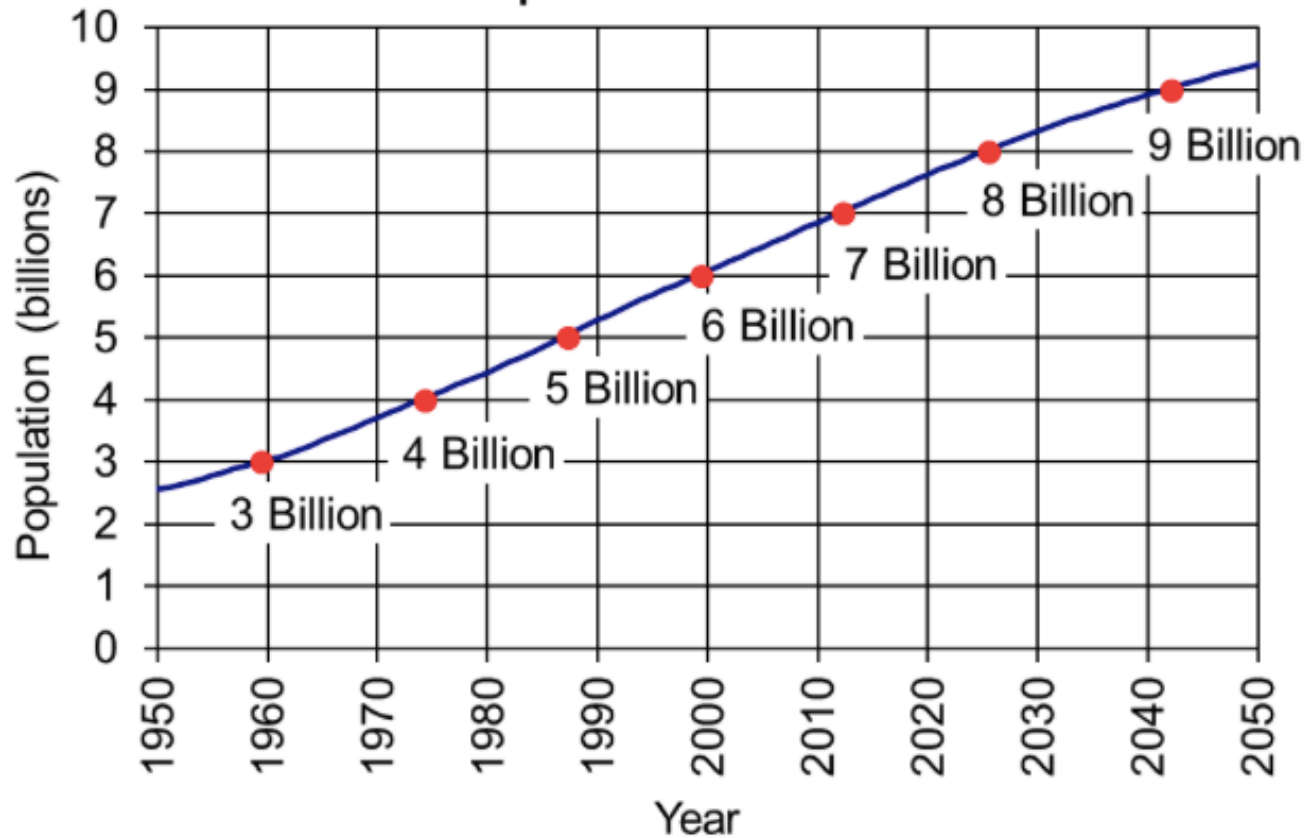


@profdavidhughes

www.supermarketsinyourpocket.com



World Population: 1950-2050



Heading for 10 Billion!

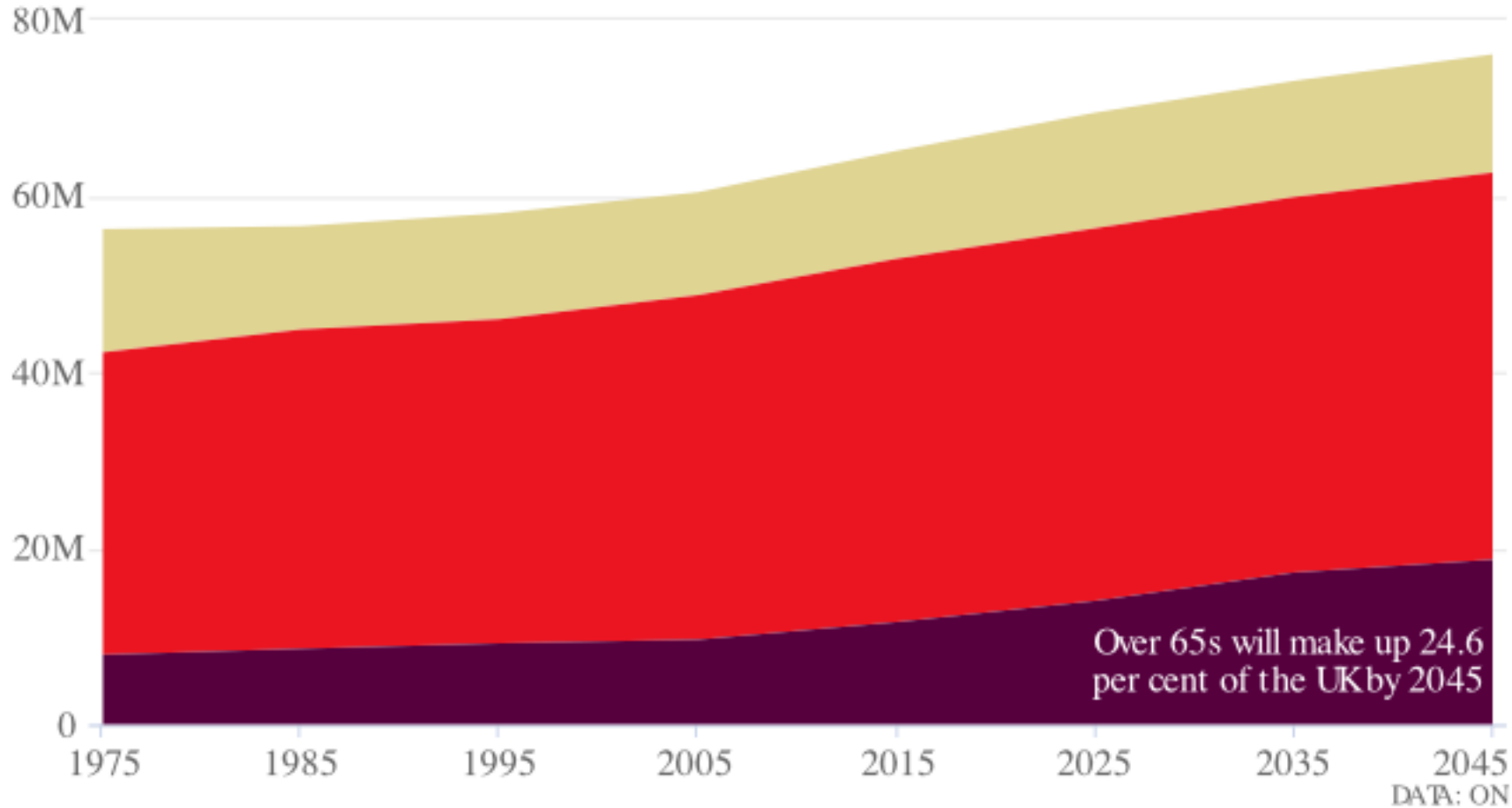
- Population of Africa to double from 1 to 2 billion
- India, Pakistan, Bangladesh to add 0.5 billion
- Most Eastern European countries will see populations fall as will, amongst others, Russia, China, Japan, South Korea and Thailand
- NAFTA (USMCA) countries up by 100 million
- UK pop. to grow from 67 m. now to 77 m. in 2050
- 1.6 billion of the extra 2 bn. will embrace the Moslem or Hindu faith
- Economic growth will be fastest in “Emerging Countries” and their diets will change significantly
- (e.g. 70% of global meat demand growth from Asia)

We're Adding An Extra 2 Billion by 2050.
But Who are They & Where Do They Live?

Over 65s will account for over half of the population growth between 1975 and 2045

Age distribution of the UK population

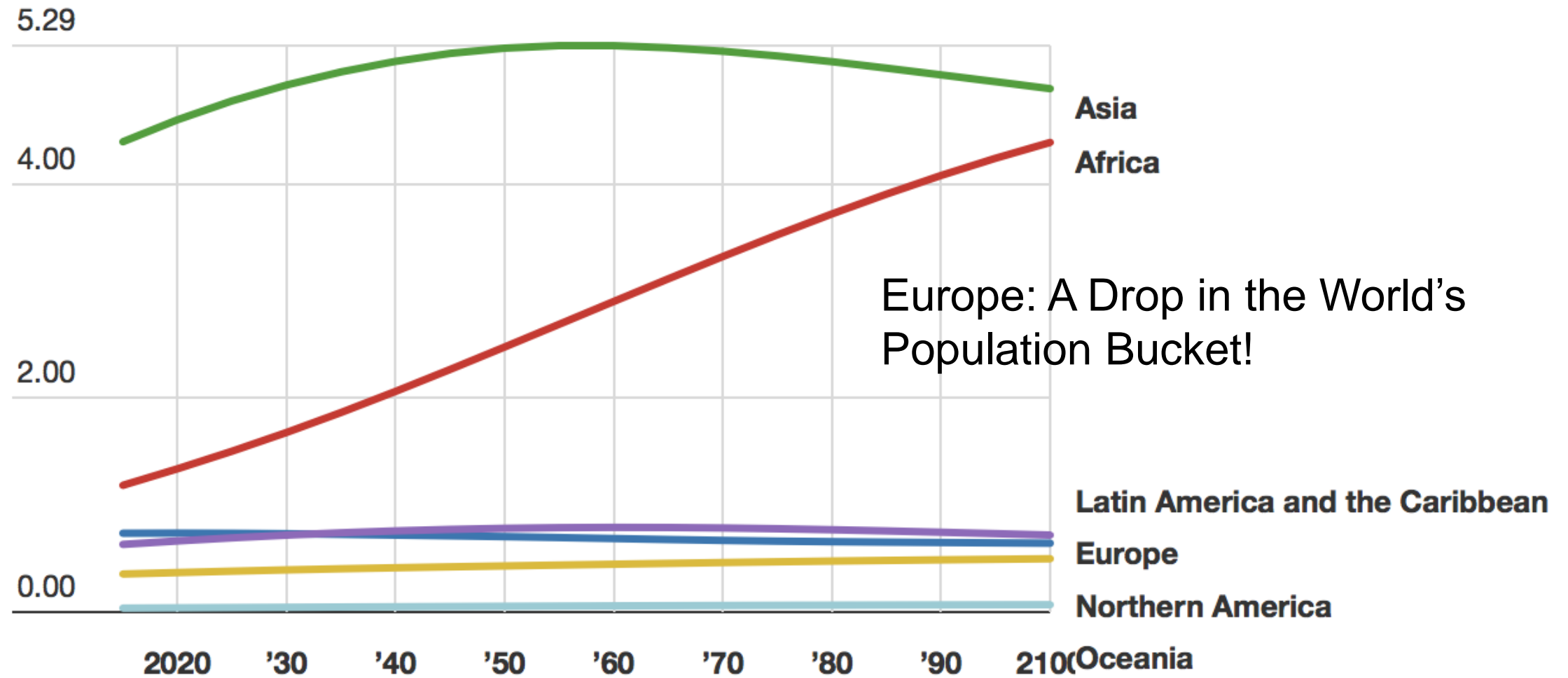
◆ 0 - 15 years ◆ 16 - 64 ◆ 65+



Brilliant to have Preferred
Access to a Growing Domestic
Market BUT:

One Size Doesn't Fit All!

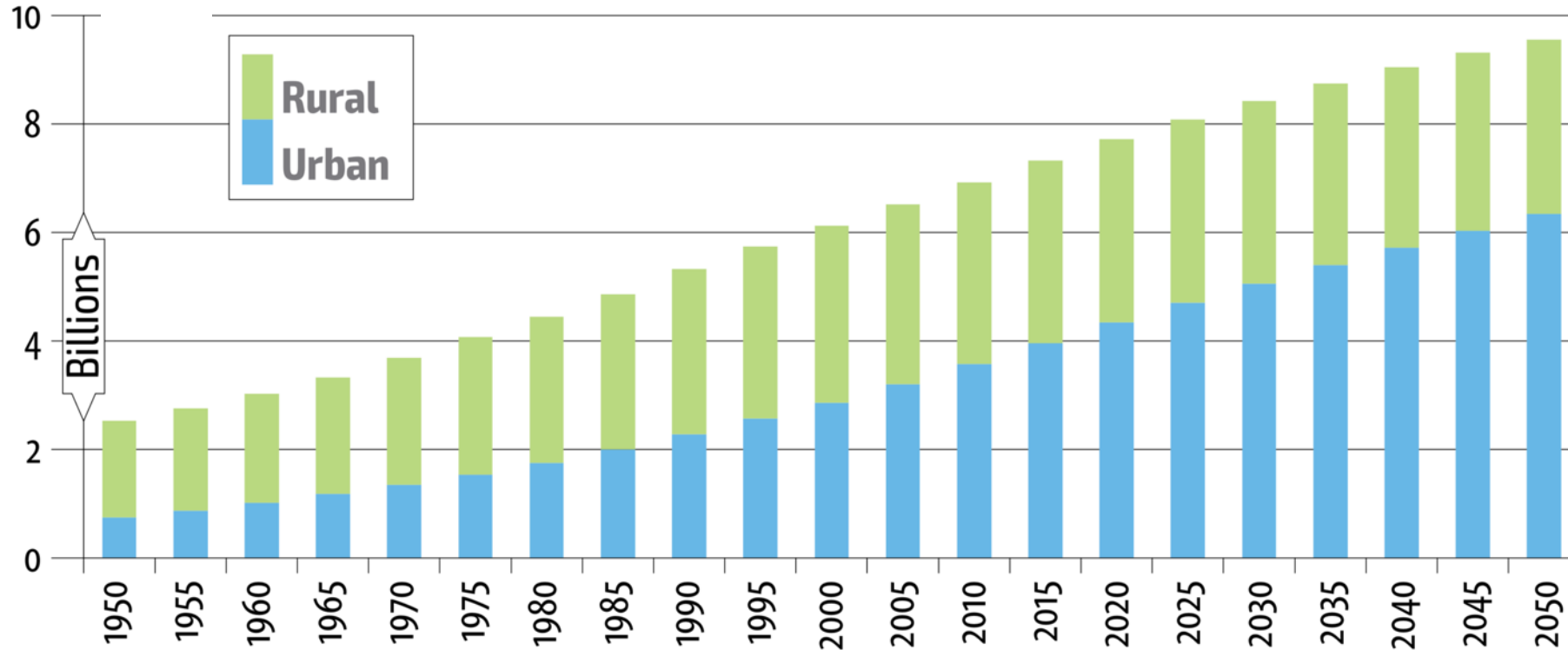
UN Regional Population Projections (Billions, 2015 - 2100)





Urban Consumers Increasing from 4 to 6 Billion Over the Next 30 Years: With Smaller Households, Higher Incomes, Changing Diets

Figure 1.3 Growth in global urban and rural populations to 2050



Source: UN, 2015.

Focus Shifts from Countries (195) to Mega-Cities (say, 600)

And the Higher Income Mega-Cities Attract Global Communities



London

Japanese-Style Menu
Korean Entrepreneur
London UK

The World of Food
Congregates in Great
Global Cities

London is a Great City to Show
Off Great British Food

Today's International Menu Includes

Underlining the Interest in International Cuisines



Global Food Becoming
Westernised or Asianised?!

We Don't Have the Special Food Aura of Italy or France. Outside of the UK, "Let's Go Out for a British" is Rarely Heard!



Only 5% of visitors in 2015 came specifically to try British food and drink...



...however, there is high interest in trying local specialities and over half are interested in trying British food and drink.



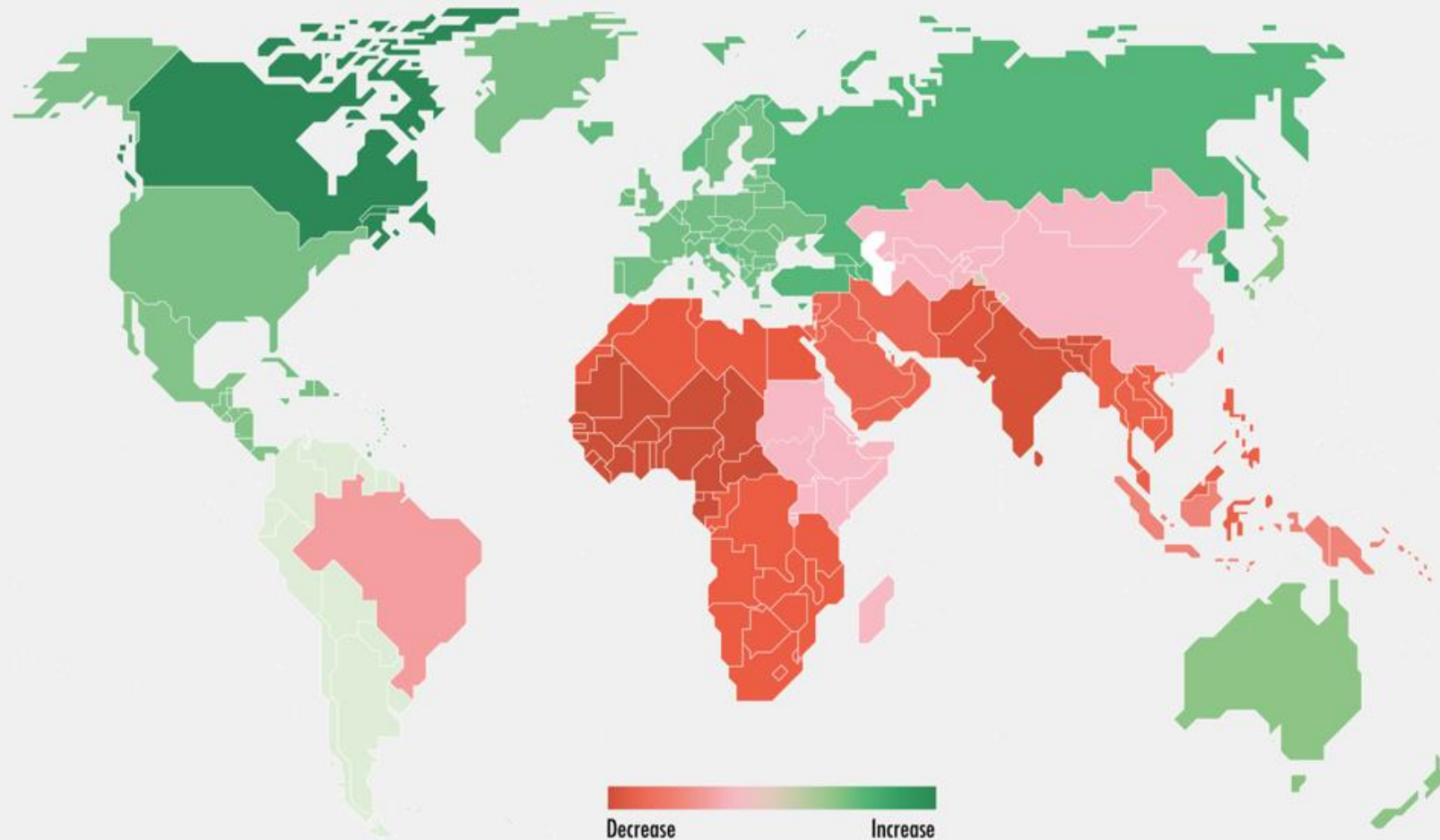
49%
would like to try a Full English Breakfast

British drinks and desserts are also popular...



...and 4 out of 5 visitors are satisfied with British food and drink





Dr. Food @ProfDavidHughes

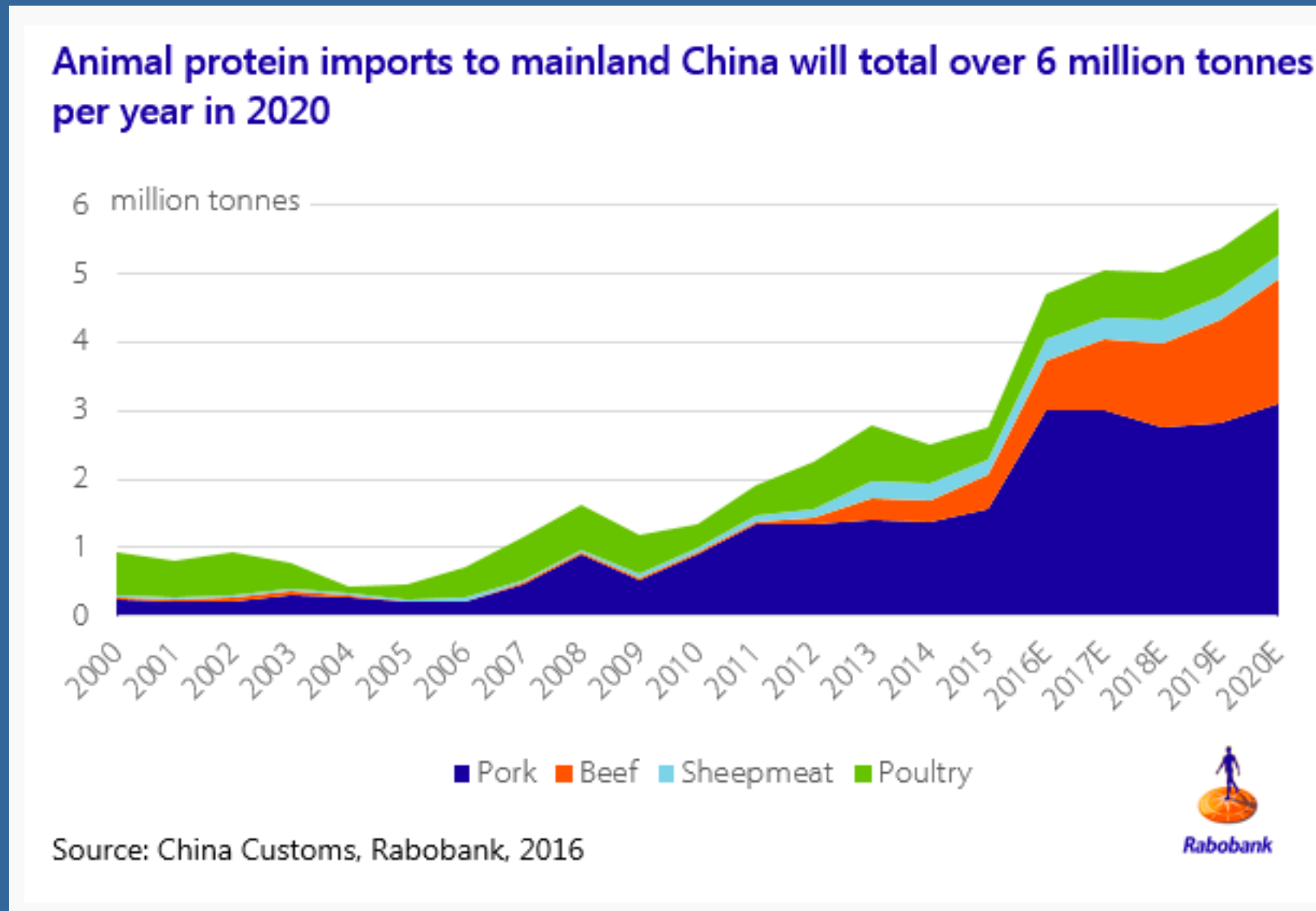
Climate change-induced declines in agricultural production forecasted for Africa & much of Asia by 2050 (FAO). Hmmm, those are the same regions which will see the lion's share of the anticipated 2 bn. extra people in our world by then! Good news for some big commodity exporters.

Chinese Cities with the Purchasing Powers of Countries!

Rank	Chinese City	City GDP (2015, PPP, in billions)	Comparable Country
#1	Shanghai	\$810	Philippines
#2	Beijing	\$664	U.A.E.
#3	Guangzhou	\$524	Switzerland
#4	Shenzhen	\$491	Sweden
#5	Tianjin	\$478	Romania
#6	Suzhou	\$440	Austria
#7	Chongqing	\$425	Chile
#8	Hong Kong	\$414	Peru
#9	Wuhan	\$324	Israel
#10	Chengdu	\$306	Norway



That's a Lot of Meat and Humongous Amounts* of Soybeans!



* 86 million t. soybean imports to China for 2016/17 (25% world production)



Dr. Food @ProfDavidHughes

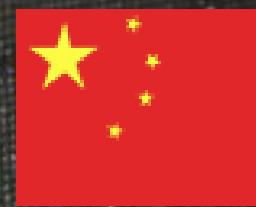
The Remains of the Day (with apologies to Ishiguro)! The aftermath of dinner for my restaurant table Chinese neighbours in Malaysia. 8 diners 14 separate dishes all shared. Understanding food & meal culture of market essential for exporters. Meat & 3 veg. looks a tad boring!







Global Differences
In What Shoppers
Value in Meat





“Will that be Black
Or White Chicken,
Madam?”



11



32 linear
metres x
4 shelves of
eggs!

Wu Mart,



The Chinese
(All of Asia) are
Serious about Eggs



Eggs
Baking Needs
Sauce & Dressings
Cooking Oil

5



NEW WORLD

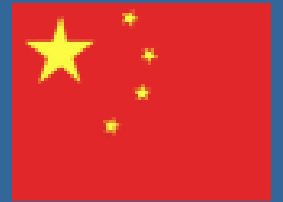


British Egg Retailing
Model. Established circa.
1956. Located on Shelves
Barely Browsed by Those
Under 40 Years!

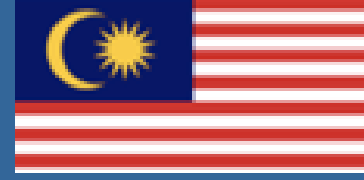
Thanks to data, Spicy Snickers really satisfies Chinese consumers

October, 2018

Mars Works with Alibaba Shopper Data Specialists To Launch Quickly & Successfully Spicy Snickers



Main Ways of Cooking Beef: Malaysian Middle Class Families



Percent

- Stir Fried (with sauce) 64
- Soup 62
- Red/Green curry 60
- Roasted 33
- Boiled 23
- With soy sauce 20
- *Rendang* (festive spicy stew) 20

**So, Given the Meat Dish,
What's the Unique Point
of Difference for Our Product?**

Major Factors Influencing Malaysian Shoppers' Decisions to Purchase Beef



- 1. Confidence in Halal Process (production and slaughter) – level of shoppers' trust in the retailer
- 2. Smell, cleanliness and colour of the meat and cleanliness/friendliness of retail environment
- 3. Competitive price and value for money
- 4. Confidence in the beef production process – e.g. free of chemicals/antibiotics/GPs
- * And in, say, UK or Canada?: convenience, family acceptance, price, social factors, story – safety is a given (so, increasingly, are “green” attributes)

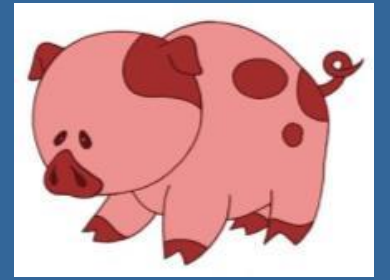
Source: Chamhuri, unpublished PhD thesis, 2011 (Curtin University, Perth, Australia)

Breast of Lamb: Premium Cut in South Africa, Problem Cut in the United Kingdom!

The BRAI (BBQ) FACTOR!



Equiv. £8.50 per Kg.



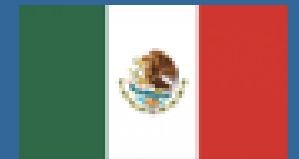
The Bare-Knuckled, Bloody Fist Fight
On International Meat Markets

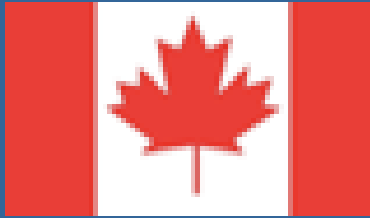


White Fish Fillet
& Chicken Breast
Head-to-Head
Competitors
Worldwide



Both
Approx.
us\$3/kg.
(£2.30/kg.)

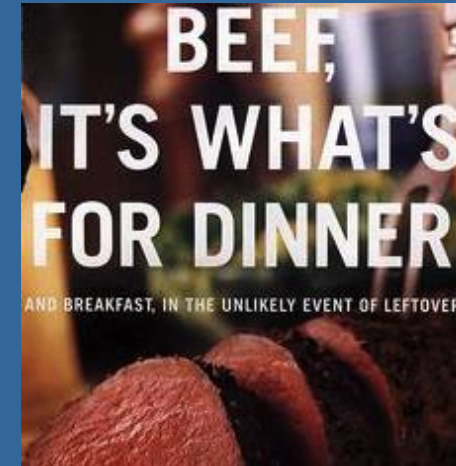




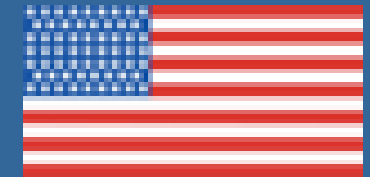
1970/80s



Gone .. the way of all flesh!



1990s



Wonderfully Dated!
Now, “What’s for Dinner?”:

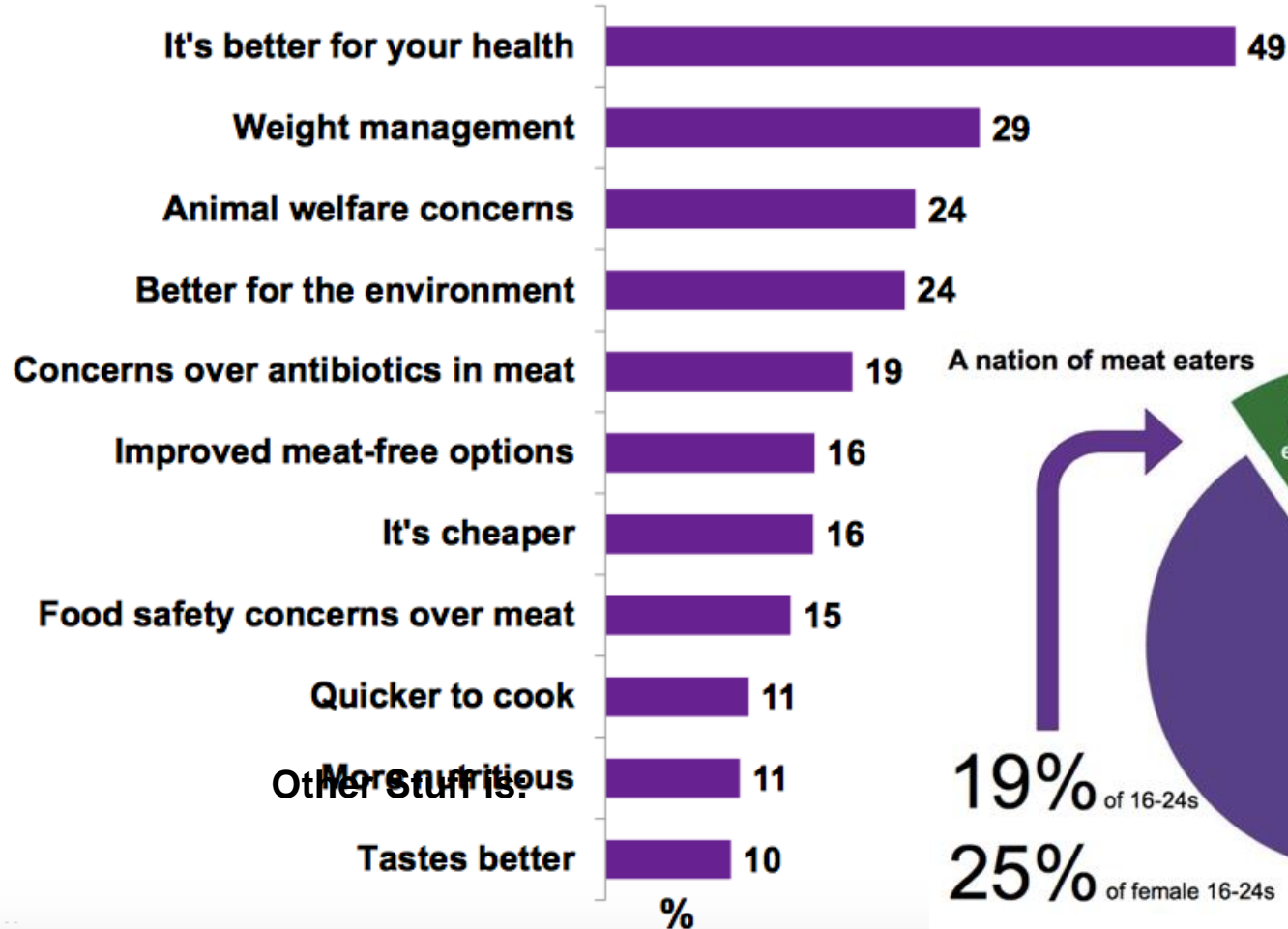
- Chinese
- Pasta
- Takeaway

Or, Increasingly for Millennials “Dinner! What’s Dinner?”!

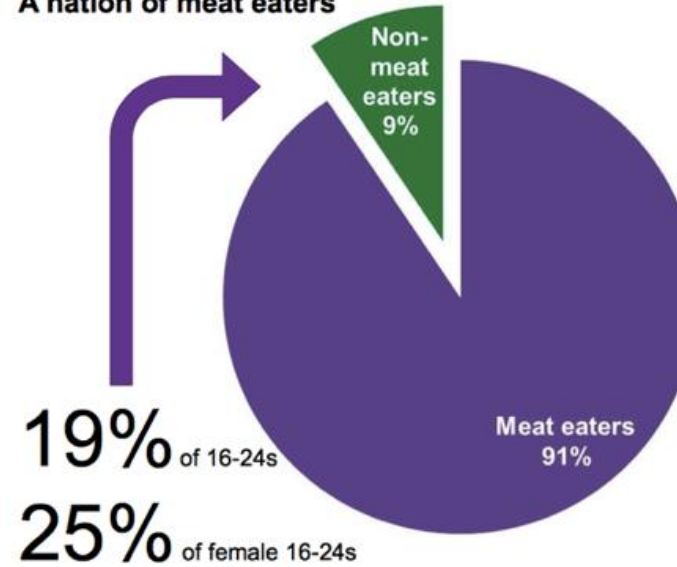


Rise of The Flexitarian in High Income Countries

Why are people cutting back?



A nation of meat eaters



MINTEL

MINTEL

BUT, When Eating Less Want to Eat Better!



It's Cool NOT Wussy
For Men to be Concerned
About Their Health and
About Their Looks!



BUT, Are Asian Consumers Intrinsically Flexitarian?

The Importance of Tofu in China, Japan, Thailand, etc.



Plant-based Beyond Burger to roll out across Whole Foods: 'The reception has just been remarkable'



By Elaine Watson+

30-Jun-2016

Last updated on 30-Jun-2016 at 17:37 GMT

Post a comment



Two 4oz Beyond Burger patties cost \$5.99 at Whole Foods

TWO - 1/4LB PATTIES • NET WT. 8 OZ (227 g)



Tyson Takes 5 Percent Stake in Beyond Meat

(October 10th, 2016)

Leonardo DiCaprio adds Beyond Meat to share portfolio

Dr. Food @ProfDavidHughes

Beyond Meat burgers expands to Hong Kong. USA pulse production X2 since 2012. Watch out, Plant Protein on the move!

Tyson Foods ups its stake in vegan firm Beyond Meat

(Dec. 7th, 2017)

Going global: Beyond Meat set to launch product in 50 countries

May 14th, 2018

November 12th, 2018

The Beyond Burger to hit UK shelves today



In Canada, a similar notice has been posted at select A&W locations (Photo: Reddit)

Veggieburgers Adorn Italian Supermarket Shelves



ISRAELI FOOD TECH COMPANY JET-EAT MAKES VEGAN ZERO WASTE 3D PRINTED STEAKS FROM PLANTS

November 9, 2018





Jennifer Garner
Co-Founder
Chief Brand Officer

As a mom of three and social advocate for children, Jennifer guides the company's overall vision with a focus on brand voice, design, and activation.



John Foraker
Co-Founder
CEO

John, father of four and longtime organic industry pioneer, is responsible for leading our overall growth and champions our mission and values.



Cassandra Curtis
Co-Founder
Chief Innovation Officer

As our leader of product innovation and mother of three, Cassandra is responsible for developing all of our delicious and safe products using only the best organic ingredients.



Ari Raz
Co-Founder
President

Ari guides all aspects of our business operations and helps make sure you can find your favorite products in store.

Note The Focus on The Grower, Naturalness, Few, Simple Ingredients

Online - Chat With Us



Dr. Food

@ProfDavidHughes



These eggs caught my eye in Oz & amused me: “Honey, pick up a box of The Good Farmer eggs not The Bad Farmer ones”!



Germany's PHW Gruppe makes investment in insect burger start-up Bugfoundation



McDonald's championing research into insect feed for chickens

September 27th, 2018



“Big protein, small bottle”: Arla Foods Ingredients to introduce whey shot concept

October 31st, 2018



“One pot of Arla protein quark, that’s as much as a chicken breast or five egg whites”! (Arla advert.)

Mars Launches Protein Bars Under Snickers and Mars Brands, Answering to the Growing Demand for High Protein Snacks

October 1st, 2018



“My Protein Snack”: Guilt-Free Snacking?!

Prairie Provinces Gear Up for Surging Demand for Plant-Based Proteins



Rethinking Protein

Unleashing the Potential of Canadian Crops

What is Protein Industries Canada?

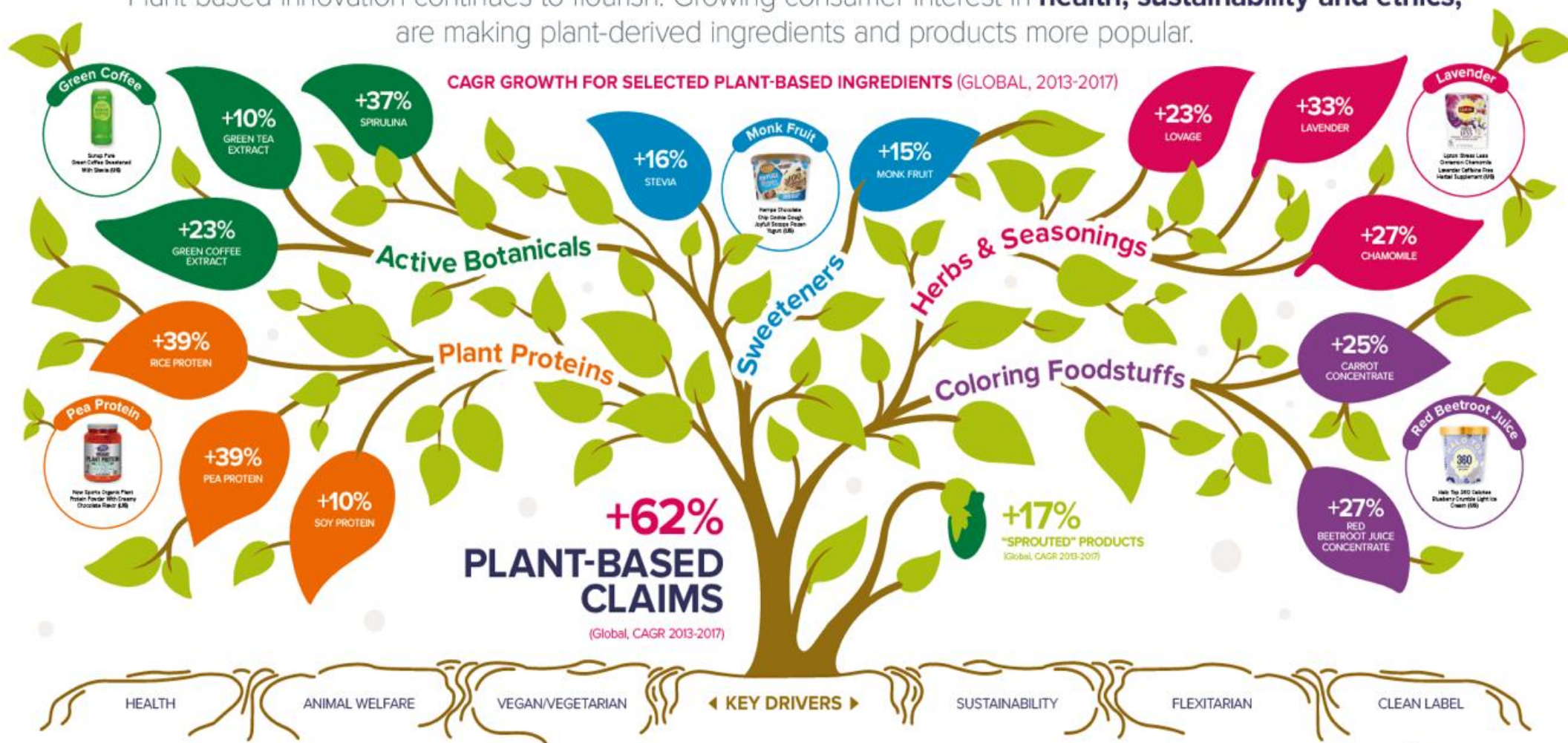
Protein Industries Canada (PIC) is an industry-led value chain consortium of small- to large-sized enterprises involved in food and food ingredient manufacturing, agriculture and food-related services, research and development, technology, economic development, finance and investment, education and training.

PIC is a not-for-profit corporation guided by a board comprising industry leaders and supported by Ag-West Bio and regional partners.



EATING GREEN

Plant-based innovation continues to flourish. Growing consumer interest in **health, sustainability and ethics**, are making plant-derived ingredients and products more popular.



www.innovamarketinsights.com



Of Course, Pulses Have Been and Are An Integral Part of Indian and Middle Eastern Diets for Millennia!




Ancient Grains & Ancient Dishes
Have Become Fashionable as
European Pastries Go Global!





Single-Person Households

As U.S. households get smaller, their needs and priorities are shifting.



27% of U.S. households are single-person households (up +9% from 1970) and **62%** of U.S. households have no children (+13% from 1970).

45% of all eating occasions are consumed alone.



Albert Heijn's "One-a-Day"
Egg Pack. Remember, 40%
of Northern European city
households are 1 person!

The next generation: 'influencer shoppers'

25%

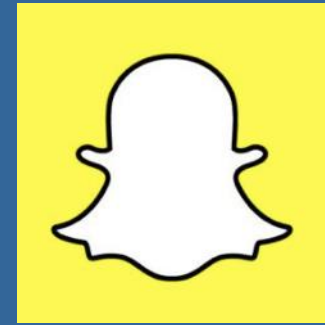
of the British
grocery shopper
population



- YOUNGER
- HIGHER AFFLUENCE
- 1000+ SOCIAL MEDIA FOLLOWERS
- ONLINE REVIEWERS
- EARLY TECH ADOPTERS
- ENGAGE IN FUTURE TRENDS



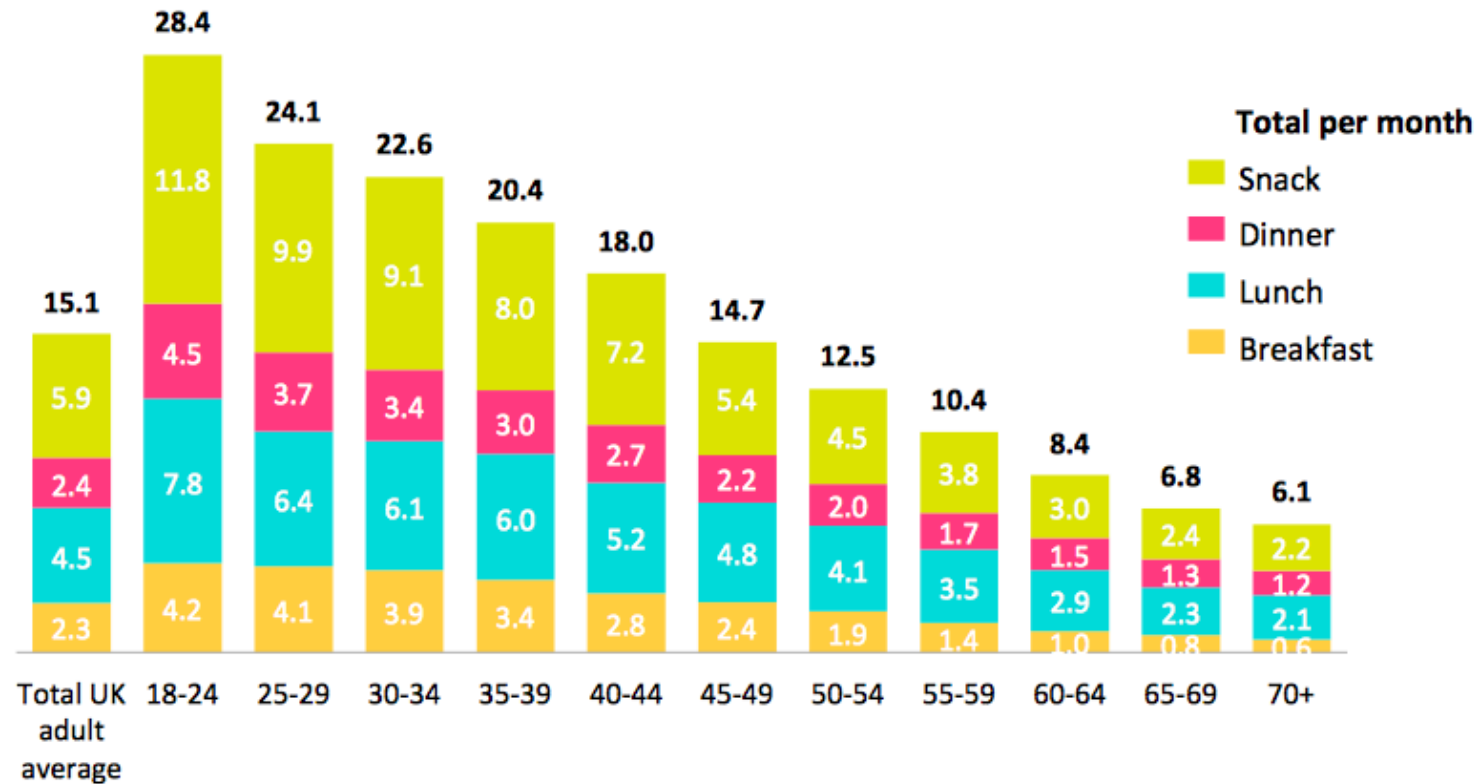
Social Media Accelerates the Exchange of Information Around the World Not Least on Food Trends and Between Gen. Z and Millennial Consumers



Younger Consumers Eat Out Most Frequently in the UK And They're Inclined to Share Pictures of Their Food!



The Ageing Demographic - Eating out frequencies



MCA. 2016 © | Oxford Farming Conference, the UK Foodservice Market, Jan 2017

Customized Diets

Wellness is a personally assessed pursuit, as reflected in the increase of individually tailored, preventative dietary approaches.



44% of U.S. consumers say they have tried various approaches to eating and dieting in the past year.

Whereas fad diets like Atkins are on the decline, numerous eating approaches (vegetarian, dairy free) are gaining traction as a long-term way to enhance longevity and quality of life.

Bailey's Irish
Almond Cream!

Vegan ice cream: Unilever to debut dairy-free Magnum bars in Sweden and Finland



August 28th
2018



Global Plant Milk Market to Top \$16 Billion in 2018

China's Dairies Rush to Plant-Based Milk as Latest Health Trend



US dairy milk sales expected to decline until 2020, Mintel report shows

Which One Would You Buy?!



Halfvolle melk

(Semi-Skimmed
Milk)

3.4 g /100g
Protein

Euro 1.23



INGREDIENTS: Water, Sugar, Almond (2%), Tri-calcium phosphate, Sea salt, Stabilisers (Locust bean gum, Gellan gum), Emulsifier (Sunflower lecithin), Vitamins (Riboflavin (B2), B12, E, D2).
Contains Almonds.
May contain traces of other nuts.

0.4 g /100g
Protein

Euro 2.39

Snackified Eating

Traditional eating patterns built around three “square,” structured meals a day has given way to modern eating styles. 50% of all eating occasions are now snacks.



PepsiCo to Acquire the Fruit and Veggie Snack Maker Bare Foods

May 25th, 2018



For PepsiCo, the purchase of Bare Foods is its latest effort to diversify its food and beverage portfolio and move toward the more natural, less-processed foods that are now in favor by increasingly health-conscious consumers.



**Beware
of a wolf
in sheeps
clothing...**



Uhhh, it looks a lot like
real fruit but it's just umm
a lot more convenient!



High Protein Meat Snacks with Fruit: Few, Simple Ingredients



Sushi: Popular Throughout The World
Brilliant Snack/Mini-Meal but Not
Without Supply Chain Challenges.




Meat Snacks Charcoal-Grilled Before You Common in Asian Traditional Markets



Time Starvation

More people are working, and working for longer hours, contributing to a sense of being time starved—especially among busy families and single-parent households.



In **60%** of U.S. households, both adults work (up from 46% in 1979).

50% of parents say it is very/somewhat difficult to manage work and family.

£10 Meal Deal For 2 (US\$13)

Waitrose



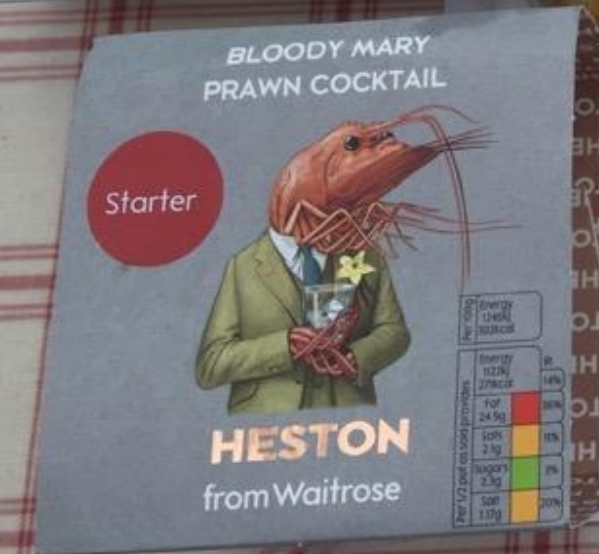
Waitrose
Crisp, savoury
& aromatic
Parmentier
potatoes



Side



Prawn Cocktail (Heston Blumenthal)
Chicken Breast with Prosciutto + Asparagus
Parmentier Potatoes
4 x Peroni Beers



Powerful Global Consumer Trends

Key Trends

More value

More convenience

More fresh & healthy

More personal

Increased focus on health & product origin

8



Fresher food through local sourcing & vertical integration





Mexico's sugar tax leads to fall in consumption for second year running

Health experts are watching the progress of the tax to see if it will lower the rates of obesity-related diseases and type 2 diabetes



▲ More than 70% of the population of Mexico is overweight or obese. Photograph: Alamy



Malaysia to introduce tax on sugary soft drinks and juices

Sugar tax comes into effect



April 6th, 2018

Watch Out for Increasing Government Regulation/Legislation to address the Global Obesity Crisis.

The Major Areas Under Threat:

- Fat
- Salt
- Sugar
- Alcohol

Sugar Taxes In The Americas: Brazil And Canada Most Likely To Follow Mexico's Lead

November 5th, 2018



Dr. Food @ProfDavidHughes 4 Jan

IHOP \$3.99 special. Expect to see Gov. Regulation more active on food & health issues in 2018 but maybe not in USA!

IHOP STACK DEAL DESTINED TO BE MADE ILLEGAL?!

The Number 1 Global Mega Consumer Trend is the Increasing Concern About The Health of the Family and The Health of the Planet. When Food Shopping, Drives Shoppers Towards “Mindful Choices”*



**“What I Eat is Good for Me and My Family.”
“I Feel Good About What I Eat.”**

**And a Widespread View that Big Food, Big Business, Big Government
are Part of the Problem NOT Part of the Solution**

The “Blue Planet II Factor”

Suppliers, Retailers & Consumers
Will Change Radically & Quickly
Their Use of Plastic Packaging



EU proposes ban on straws and other single-use plastics May 28th, 2018

“A line in the sand”: Global plastic players sign landmark commitment to establish new circular economy

October 29th, 2018

- Elimination of problematic or unnecessary plastic packaging through redesign, innovation and new delivery models is a priority
- Reuse models are applied where relevant, reducing the need for single-use packaging
- All plastic packaging is 100 percent reusable, recyclable or compostable
- All plastic packaging is reused, recycled or composted in practice
- The use of plastic is fully decoupled from the consumption of finite resources
- All plastic packaging is free of hazardous chemicals, and the health, safety and rights of all people involved are respected.

UK government to introduce tax on single-use plastics

October 31st, 2018



ingredients you can
see & pronounce[®]



lower sugar*



whole, natural
ingredients



free from



plant based
protein



Transparency and Traceability
Through the Supply Chain Key
Reflecting Consumer Concerns
About Food Integrity in Countries
Right Across the World.

This is Great News for Raw Material
Suppliers Around the World who have
Production Bases and Supply Chains
Of Impeccable Integrity.

Transparency at the core: Quinn Snacks tells consumers exactly where their ingredients originate



It's one thing to read an ingredients label and know that a product contains sorghum.

It's quite another to be able to meet the farmer who grew that sorghum with a few quick clicks. And when consumers eat Quinn pretzels, that's an opportunity they get.



Walmart Is Getting Suppliers to Put Food on the Blockchain

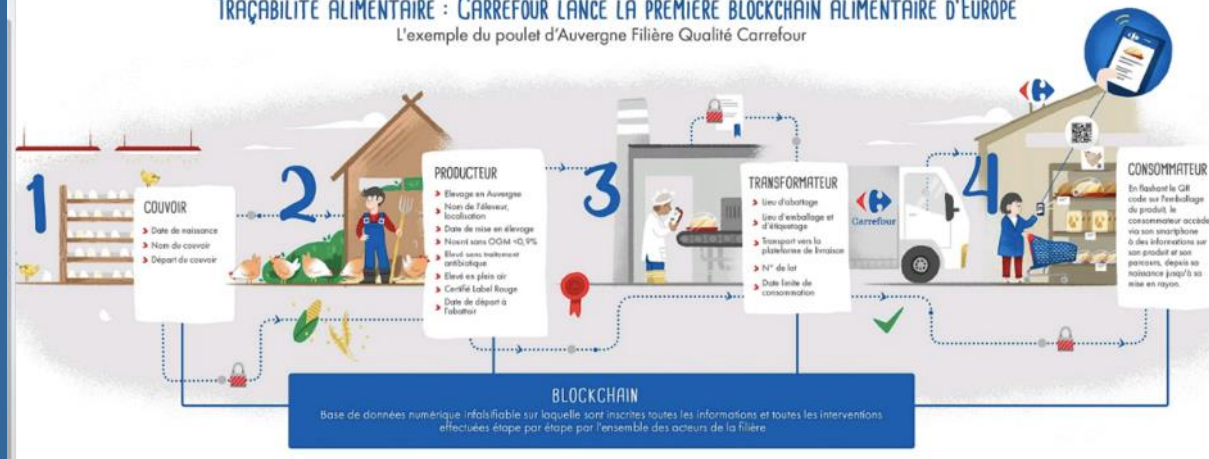
U.S.: Walmart wants leafy green suppliers to implement blockchain traceability within a year

September 2

Blockchain: Carrefour signs up to IBM's "game-changing" food network

Carrefour uses blockchain to create "transparent" chicken

TRAÇABILITÉ ALIMENTAIRE : CARREFOUR LANCE LA PREMIÈRE BLOCKCHAIN ALIMENTAIRE D'EUROPE
L'exemple du poulet d'Auvergne Filière Qualité Carrefour



Blockchain technology: eHarvestHub plans to make traceability more lucrative for farmers

Increasingly, A Global
Supply Chain Requirement

Celebrate the Naturalness & Nutrition of “Clean Label” Food

Ingredients:
EGGS



Ingredients:
Lamb



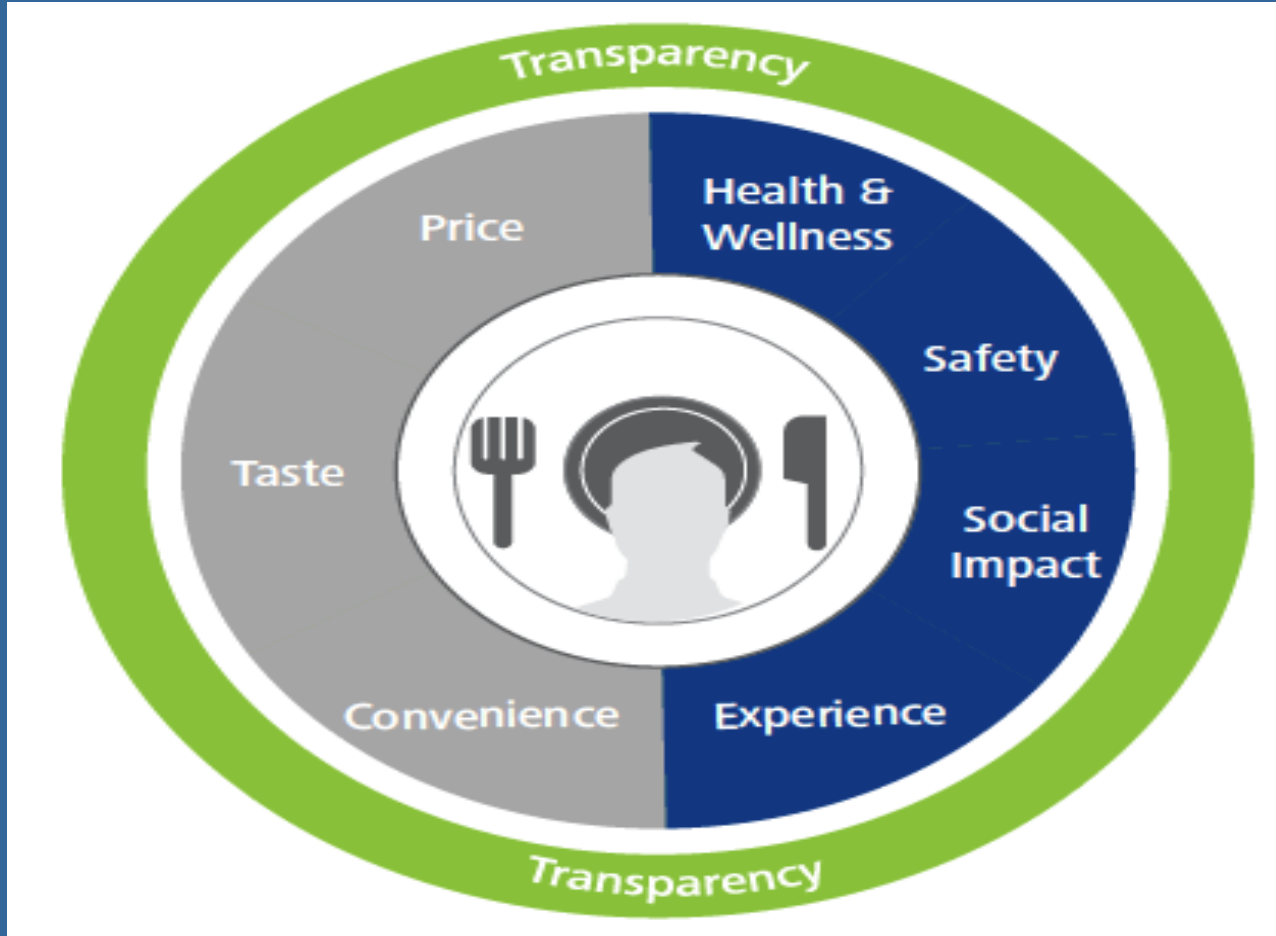
Be Proactive on Issues Relating to:

- Bird/Animal Welfare
- Antibiotics/hormones
- Environment
- Worker welfare

Processed Foods

INGREDIENTS: ENRICHED MACARONI PRODUCT (WHEAT FLOUR, NIACIN, FERROUS SULFATE (IRON), THIAMIN MONONITRATE [VITAMIN B1], RIBOFLAVIN [VITAMIN B2], FOLIC ACID); CHEESE SAUCE MIX (WHEY, MILKFAT, MILK PROTEIN CONCENTRATE, SALT, SODIUM TRIPOLYPHOSPHATE, CONTAINS LESS THAN 2% OF CITRIC ACID, LACTIC ACID, SODIUM PHOSPHATE, CALCIUM PHOSPHATE, YELLOW 5, YELLOW 6, CHEESE CULTURE, ENZYMES)
CONTAINS: WHEAT, MILK.

Increasing Complexity Driving Food Purchasing Behaviour



It's About VALUE & VALUES
Including:

- savvy (value) shopping
- local/national
 - place of production
 - care of local economy
 - local is fresh/healthier
- provenance
- heritage
- sustainability
- animal welfare
- worker welfare

Premium is about upgraded experiences

And Embraced by All Segments of the Market Place



Premium is *not*...

Price alone

Reserved for the “elite” or sophisticated

Only for special occasions

About “low fat,” “low sodium,” or “low calorie”

Communicated via words alone



Premium *is*...

People, places, and traditions

Real distinctions in quality

Expressed through values and experiences

About intentionally making things better

Transparency and trust

Pleasure and discovery

What's The Story Wrapped Around Your Chicken?



“How’d You Like Your Chicken?”

“With Adjectives, Please”:

- free-range;
- known provenance ...
- Farmer Smith
- British Araucana
- rare breed (Silkie)...
- slow-growing ...
- vegetarian diet ...
- organic
- Omega-3 rich
- happy ...
- environmentally-friendly ...



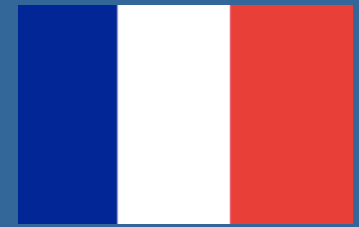
Not All Chicken Meat
is Inexpensive Meat:
Chickens with Adjectives
are £17.50/kg. in the UK!

Gama completa desarrollada en fresco y congelado



Certificado por
Eurofins





Label Rouge has Currency
In Meat Markets Outside
Of France



Thailand Consumers
Want Adjectives in
Their Meat, Too!



6 RASHERS



Waitrose

**FREE RANGE
AIR DRIED
BEECH SMOKED
BACK BACON**

Hand cured in Suffolk, air dried to bring out the flavour, and smoked over beech wood

Per 100g	Per 2 slices as sold provides				
Energy 961kj 231kcal	Energy 640kj 154kcal	Fat 11.3g	Saturates 4.1g	Sugars 0.0g	Salt 1.83g
RI	8%	16%	21%	0%	31%

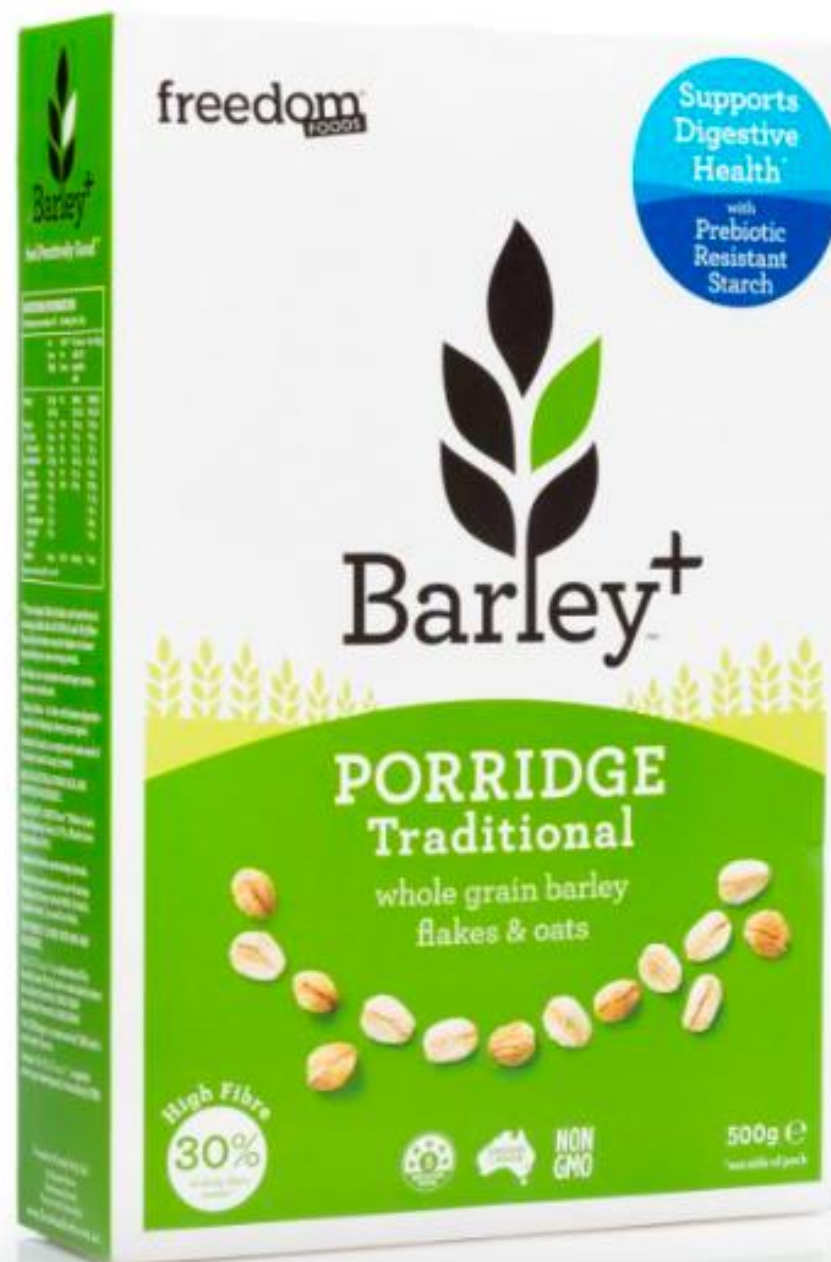


College-Educated
Pigs Exclusively
Used for Waitrose!



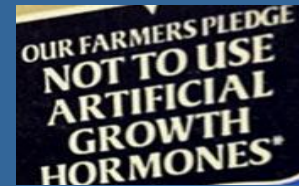
De-Commoditizing Barley

WINNER! Australian Healthy Food Guide - Best Breakfast Cereal

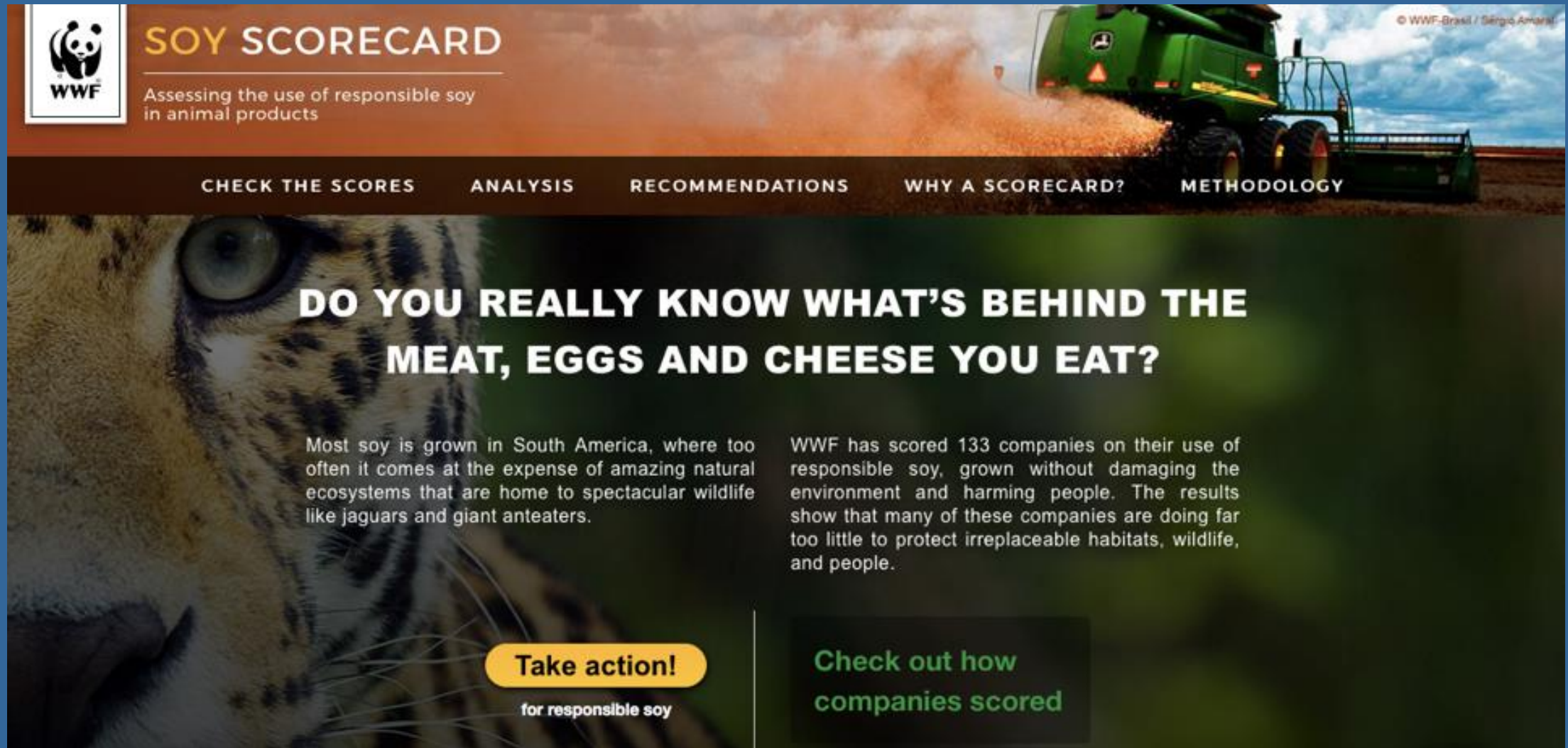


Consumers Want Their Meat “Free” Across the Globe! And They Want Adjectives Added and Not Additives Added! (and face a bewildering barrage of logos & claims)

- Antibiotic-free
- Hormone-free
- Additive-free
- Campylobacter-free
- Salmonella-free
- E.coli-free
- GMO-free
- Slavery-free
- Free-range
- Woody breast-free
- Deforestation-free



Global Brands Pushed to Implement “One Size Fits All” Food Industry Social Policies



WWF

SOY SCORECARD

Assessing the use of responsible soy
in animal products

[CHECK THE SCORES](#) [ANALYSIS](#) [RECOMMENDATIONS](#) [WHY A SCORECARD?](#) [METHODOLOGY](#)

DO YOU REALLY KNOW WHAT'S BEHIND THE MEAT, EGGS AND CHEESE YOU EAT?

Most soy is grown in South America, where too often it comes at the expense of amazing natural ecosystems that are home to spectacular wildlife like jaguars and giant anteaters.

WWF has scored 133 companies on their use of responsible soy, grown without damaging the environment and harming people. The results show that many of these companies are doing far too little to protect irreplaceable habitats, wildlife, and people.

Take action!
for responsible soy

**Check out how
companies scored**

© WWF-Brazil / Sérgio Amaral

Dulcesol
#Los Soles
MOLAN!!



Los
Primeros
SIN
grasa de
PALMA



Social Pressures Dictating Choice Remind Me Again What We Can't Eat?

- Anything with palm oil as an ingredient
- Chicken that's been fed soy from Brazil
- Shrimps caught by slave labour in Asia
- Beef that has destroyed the Amazon
- Anything with GMOs
- Anything in a non-recyclable pack
- etc.

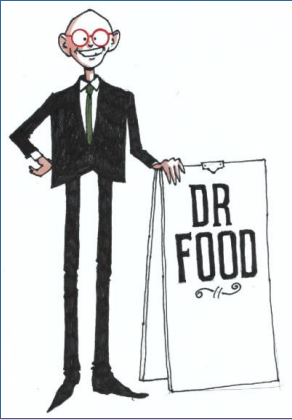


There's a New Marketing Mantra: Start Doubling Up on the Five Ps From Farm Through to Final Sale

1. *Purpose:* Customers feel the company shares and advances their values.
2. *Pride:* Customers feel proud and inspired to use the company's products and services.
3. *Partnership:* Customers feel the company relates to and works well with them.
4. *Protection:* Customers feel secure when doing business with the company.
5. *Personalization:* Customers feel their experiences with the company are continuously tailored to their needs and priorities.

Some Concluding Thoughts:

- World population increasing – good for farmers but our best markets are at home and near home (EU countries)
- Mega-cities the targets (not countries) for value-added food products
- Vital to understand food & culinary cultures of export markets
- Consumer trends converging globally driven by social media
- UK exports need consumer-attractive points of difference – difficult to compete in global commodity markets
- More value-added at home the more likely to hit premium segments of export markets – the margin is in the adjectives not in the nouns!
- “Clean & Green” is a requirement not a point of difference
- Farmers are fashionable. Let consumers see back to the farm! Traceable, transparent supply chain essential for pristine farmers!



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Consumer Blog: www.drfood.ca

Retail Blog: www.supermarketsinyourpocket.com



AHDB Supply Chain Conference 2018

My story adding value

Andrew Freemantle

Kenniford Farm

AHBD Supply Chain Conference

14-11-18

Andrew Freemantle
Kenniford Farm

Who am I?

I live on the family farm near Exeter in Devon, with my wife Liz and two children William and Alex,

I run a 350 sow farrow to finish we market about 190 pigs a week, which started in 1994 selling 30 weaners a week

On average about 50 a week are sold under our own Kenniford Farm brand, via our farm shop, catering and wholesale businesses, the rest are sold via TVC to Tulip

We employ around 22 people full time and 12 part time. Over the last 16 years, through hard work and perseverance we have built up a supply chain over 2000 pigs a year through to the final consumer.





**Sows trained
to electric
fence**

New Build finishing Unit





Our Farm is 90% indoor, but with its rather conservative size we can, run the sows outdoors during the spring summer and Autumn

Kenniford is part of two supply chains.

Normal Pig Farmer Supply Chain

- 140 pigs a week through TVC to Tulip, TVC are the largest pig marketing Co-Op in the country
- Tulip are the English arm of Danish Crown, and process circa 50k pigs per week in the UK, to all the major multiples, Waitrose, near Stonehenge, M & S, Co-Op, Tesco.
- They are the one of the largest pig farmers in the country

The Contract Detail

Producer Price Achieved Using

- 50% Monthly fixed price, negotiated by TVC and Tulip (*European price can affect this, 20p per kilo magic number..*)
- 25% Related to the cost per ton of wheat
- 25% SPP (Average of prices paid by various processors across the country collated by AHDB)
- Tulip always take a contracted amount each week
- Short supply chains vital to this relationship
- Horse gate helped greatly
- Red Tractor Assurance vital <https://www.youtube.com/watch?v=dCOB4F-wNLI>



- One Controversial thing that has helped steady this contract
- Woodside Farm, not everyone likes it
- But it has helped Tesco sell more Red Tractor Pork, and keep the fixed price element of my contract up.



Spot the difference...



Why I started my own supply chain in January 2000

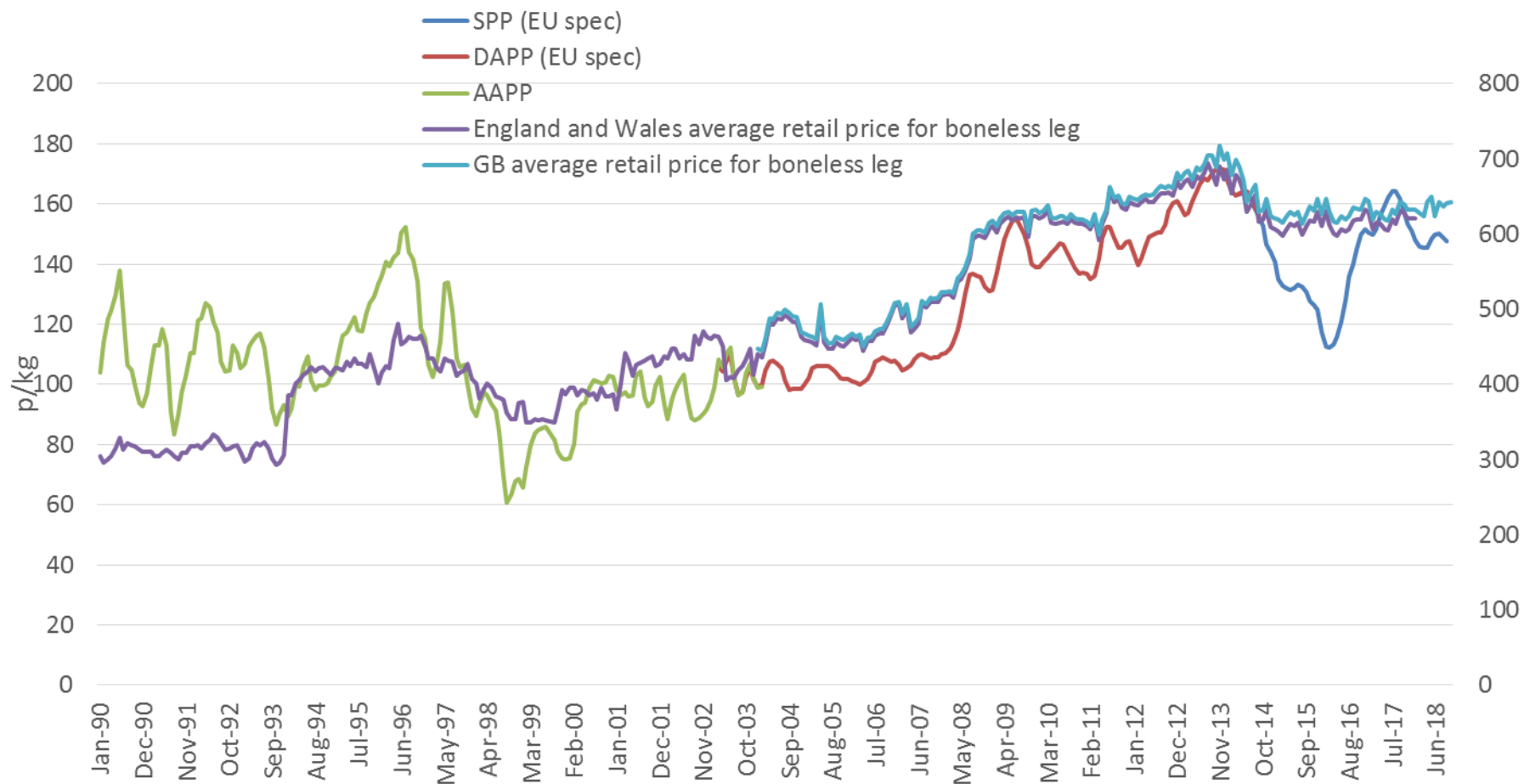


Chart: GB deadweight pig prices compared to retail price of boneless pork legs

Source: AHDB

IMO the best things about you own supply chain



Natural Selection solution

Before I had too just pretend!



TVC/ Tulip Contract Specification.

	Boars and Gilt				Gilt	Boar	Gilt	Boar
P2 Wt	0 to 49.9	50.0 to 64.9	65.0 to 85.0	85.01 to 100.0	100.01 to 105.0	100.01 to 105.0	105.01+	105.01+
<=11	-45	-10	Q	Q	Q	Q @100kg	-40	-60
12	-45	-25	Q	Q	Q	Q @100kg	-40	-60
13-14	-45	-25	Q	Q	Q	Q @100kg	-40	-60
15	-45	-45	-4	Q	Q	Q @100kg	-40	-60
16	-45	-45	-4	-4	-4	-4	-40	-60
17	-45	-45	-10	-10	-10	-10	-50	-60
18	-45	-45	-10	-10	-10	-10	-60	-60
19+	-45	-45	-35	-35	-35	-35	-60	-60

NB. All deductions are from the “Q”

What happens to Kenniford reject pigs!



- This pig would have been a 18mm probe on the Tulip contract less 10p per kilo
- Plus small ones can be trim pigs less 25p per kilo, ideal for adding to the sausage batches

Which are then often served through this



- Hog Roast bap at shows/Festivals from £5.00 per bap,
- 125 grams in a bap £40 per kilo
- But legions of costs associated

Kenniford Supply Chain 12-11-18



This cold room is full of out of spec pigs....!

Most Important when you have your own supply chain you need these



- And facilities to do it all in,
- Or people to do it for you
- Some farm locations do provides opportunities for this
- But if business could expand out of premises

- As you get used to the routine of your own supply chain
- You can use it to facilitate other supply chains
- Dartmoor Farmers, partnership with pasties and beef burgers prepared in the same prep room as the pork





Then before you know it you have three..



Commando Challenge 2018

My Experiences on Supply Chains/Diversification

- Do not forget the core business, the oft quoted advice is
“Make sure you are not spending 80% of your time on something that add 20%to your business.”
- Master the ability to delegate as quickly as possible, that is the only way the business will progress. Try to take people on the journey with you,

Look for people with mortgages and horses

- Might be the way to keep, family on the farm, if the core business would not be able to afford their wages.
- Look at ways you could use your out of spec production.

The Best Place to be?

In Summary

- Through diversification I have been able to trade 1/4 of my production at a profitable price through the peaks and troughs of the pig price cycle.

Go back to AHDB slide around 2016

Kenniford business has a foot in both camps, wholesale and retail

- This is done through a system that is “Red Tractor Approved” meaning that my cost of production is not increased by onerous standards of RSPCA Assured or Organic.
- In my opinion this is the best place to be
- Standard production with low cost of production, with some control over the final price to the consumer

Oops Midnight Trailer Relocation!



AHDB Supply Chain Conference 2018

Networking lunch

AHDB Supply Chain Conference 2018

Communication skills to do business

Paul Harris

CEO, Real Success

Introduction



Paul Harris
CEO, Real Success Ltd



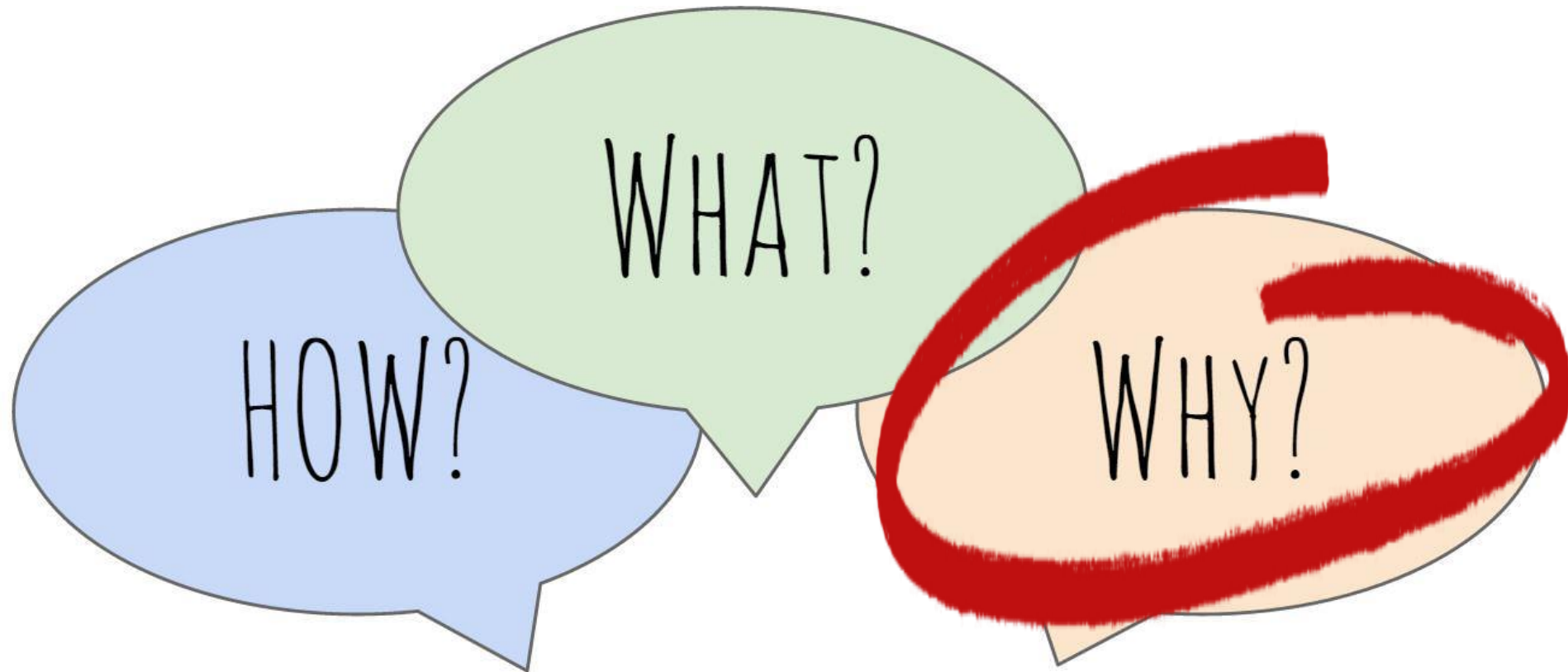
Your People are Our Business

VITA Profiling®

Recruit – Engage – Align – Lead

Background





Why?



Why?



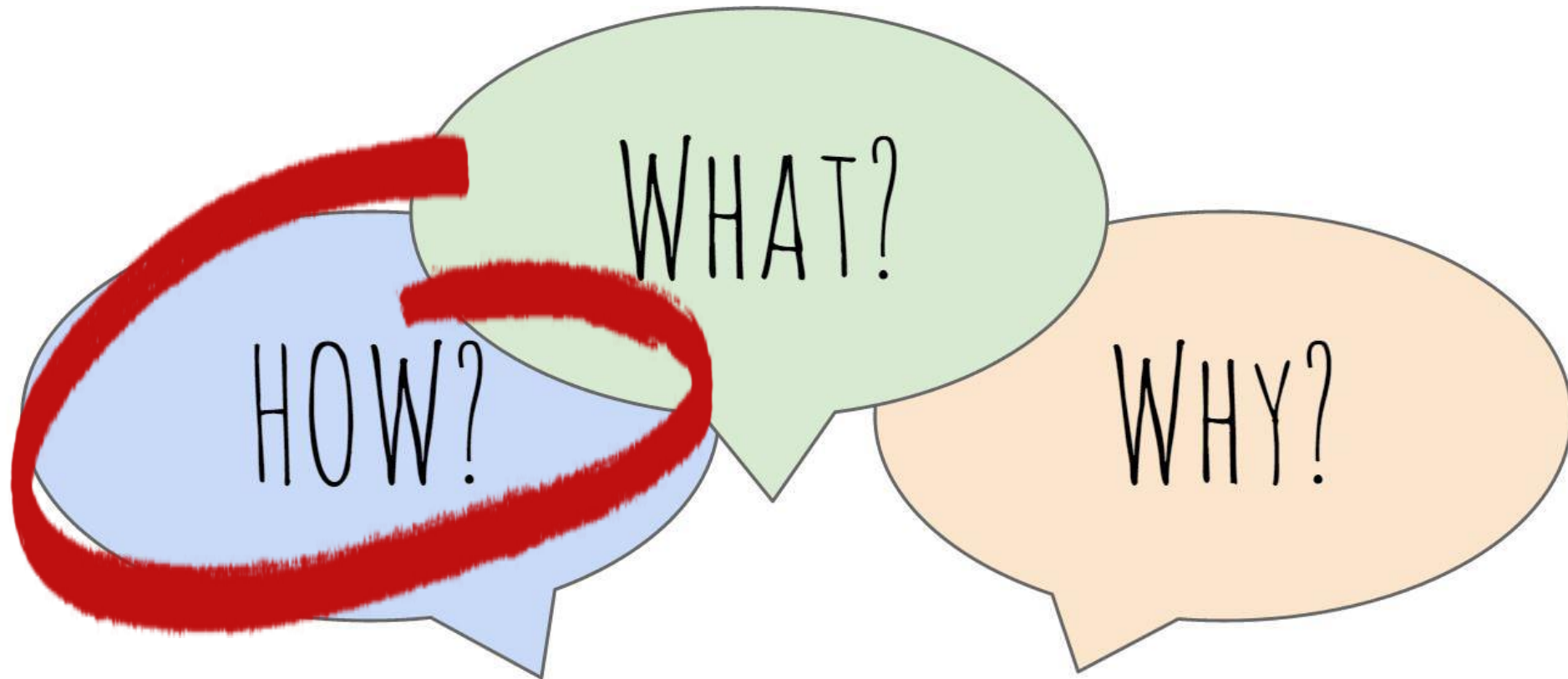
Why?



Why?



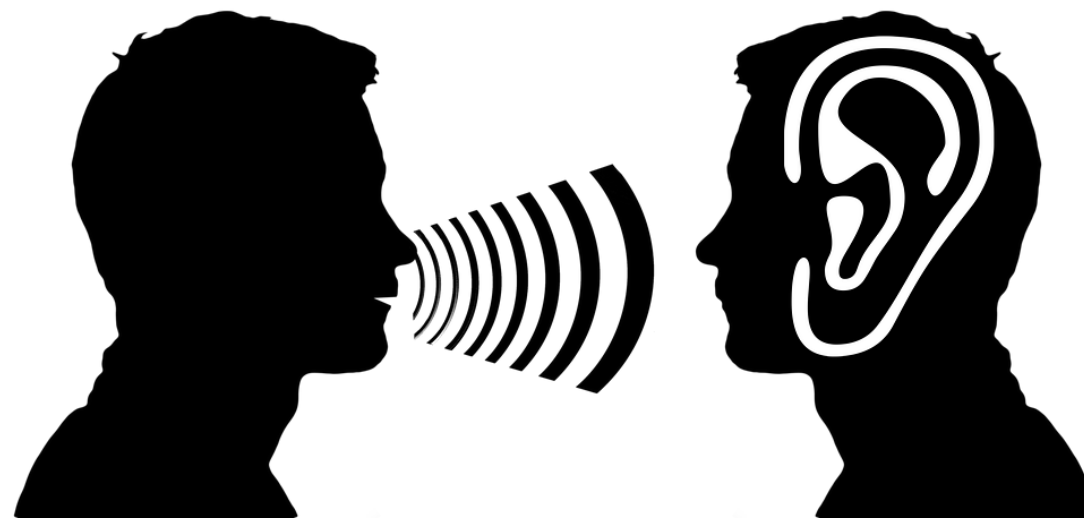
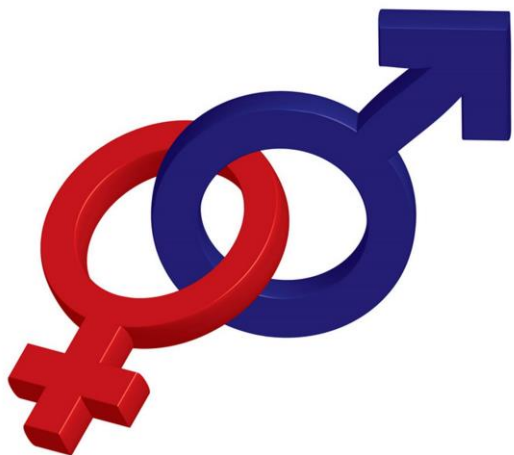
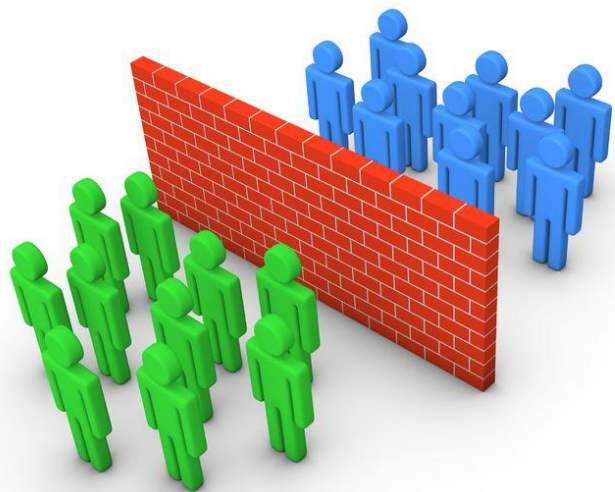
Communication



Communication – The Barriers



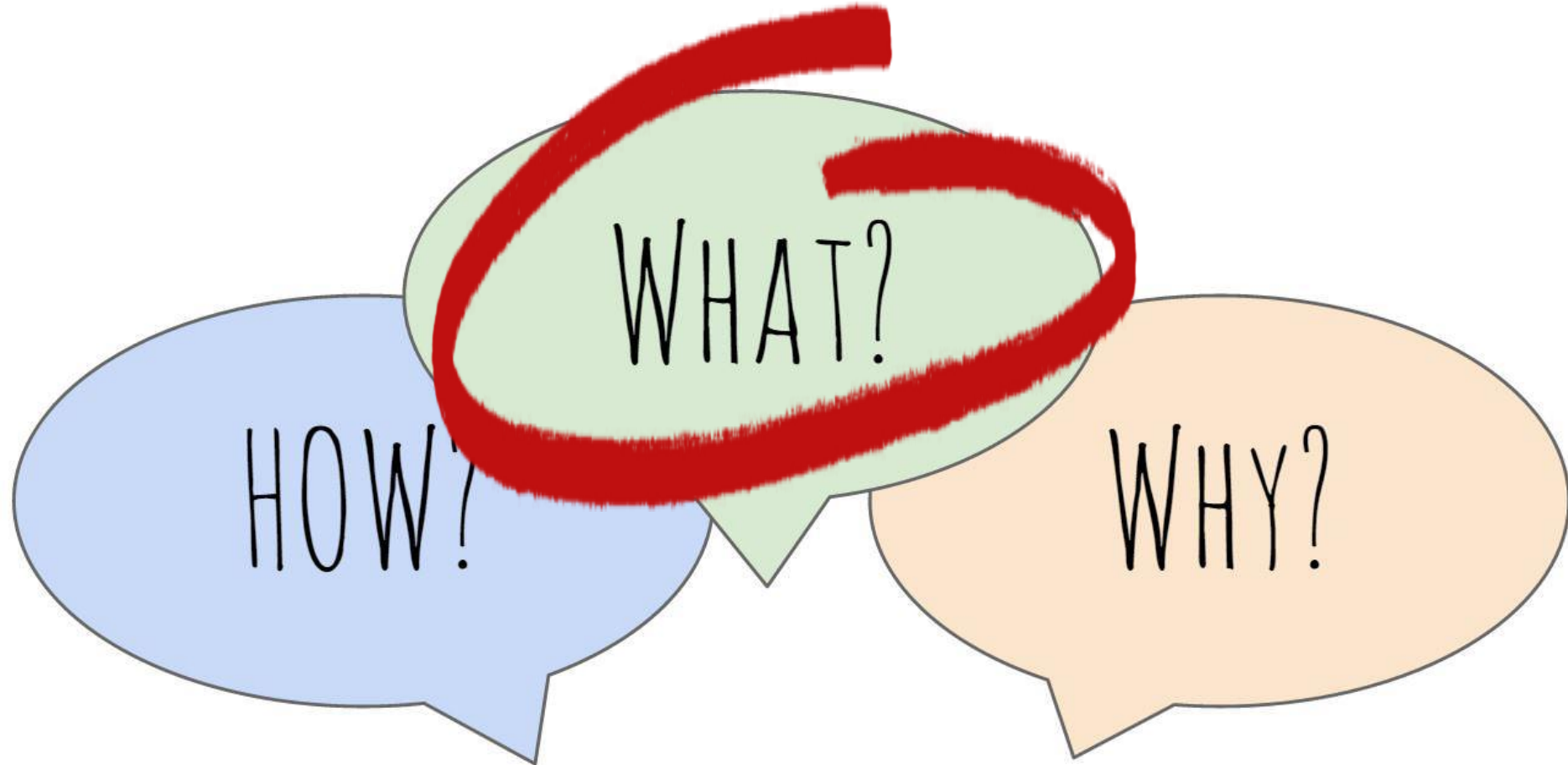
Communication – The Barriers



Communication – The Barriers



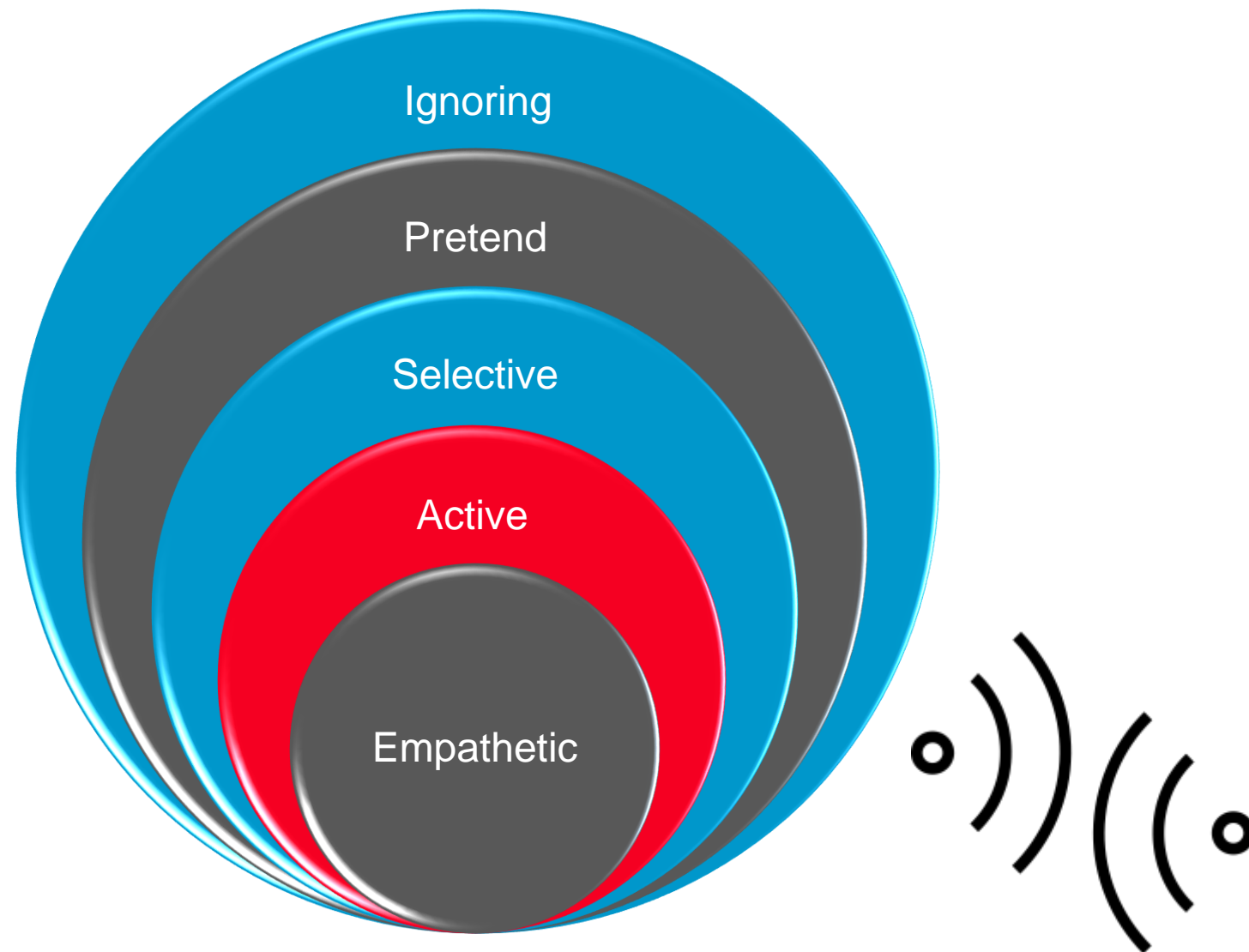
Communication



Communication - Listening



Communication - Listening



Communication – Personality



Communication – Personality

Who are you?

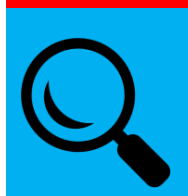
DECISIVE	ORGANISED	HESITANT	IMPULSIVE
CALM	IDEAS	CRITICAL	ASSERTIVE
CLARITY	FEELINGS	EASILY DISTRACTED	BLUNT
OPTIMISTIC	RESULTS	CONSIDERATE	LOGICAL
DETAIL	PLAYFUL	FACTS	SUPPORTIVE

Communication – Personality

How do you like to be spoken to?



Direct, quick and to the point.
I'm results focussed and prefer the big picture.

☐


Slowly, precisely and in order.
I need logic, reasoning and detail.

☐


Warmly, softly and calmly.
I care about people and their feelings.

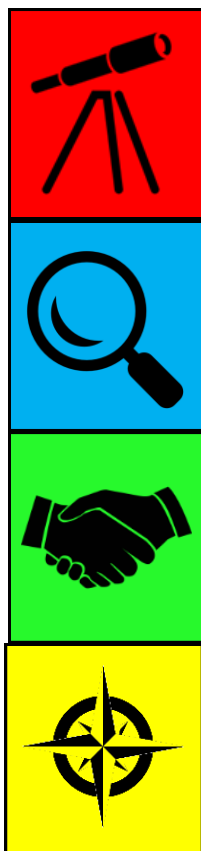
☐


Speak quickly, smile and be enthusiastic.
I'm open to new ideas and like to have fun.

☐

Communication – Personality

VITA Profiling®



Visionary

Investigator

Team Maker

Adventurer

Communication – Personality

VITA Profiling®



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Communication - Feedback



Communication - Feedback

VITA Profiling®



Visionary

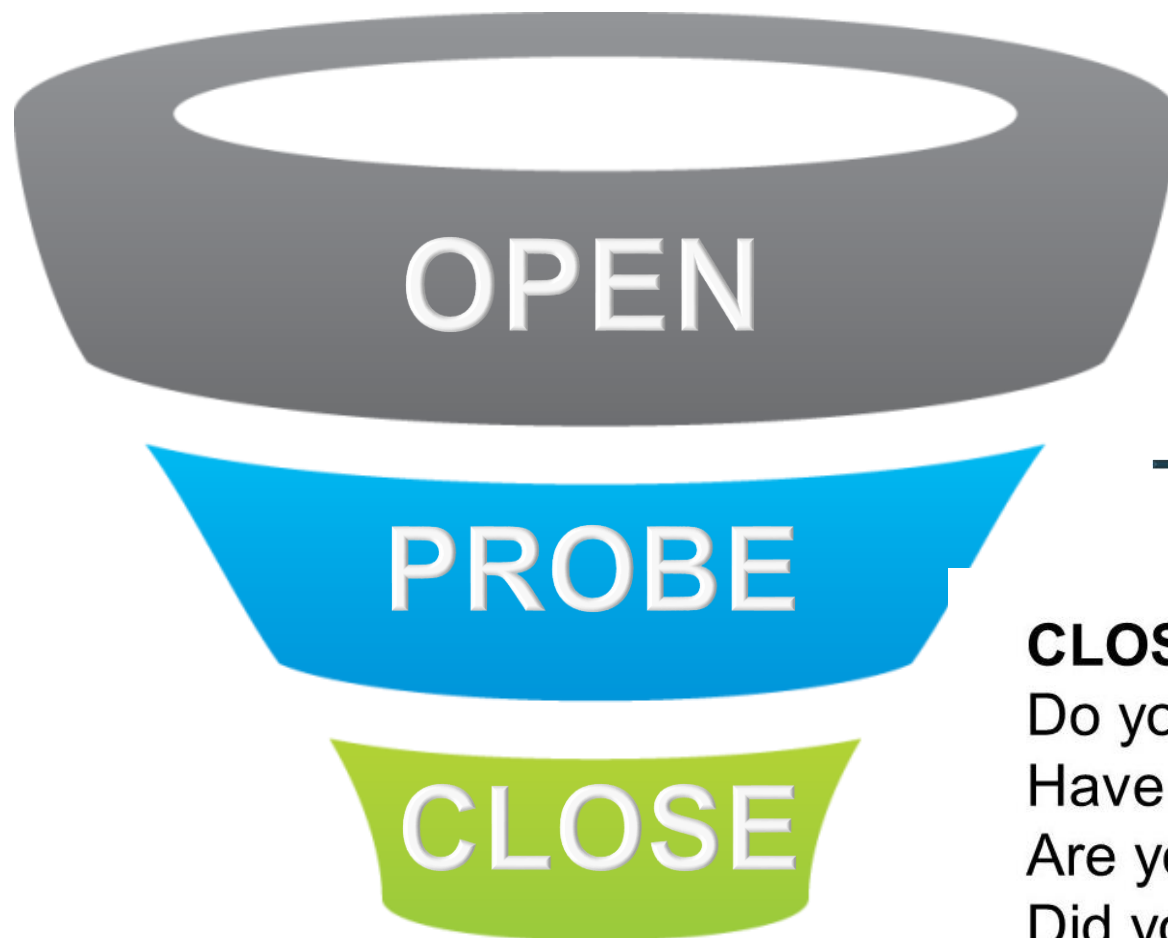
Investigator

Team Maker

Adventurer



Communication - Feedback



OPEN....

Who?
What?
When?
Where?
How?
Why?

That's interesting...

CLOSED...

Do you?
Have you?
Are you?
Did you?
Aren't you?
Will you?

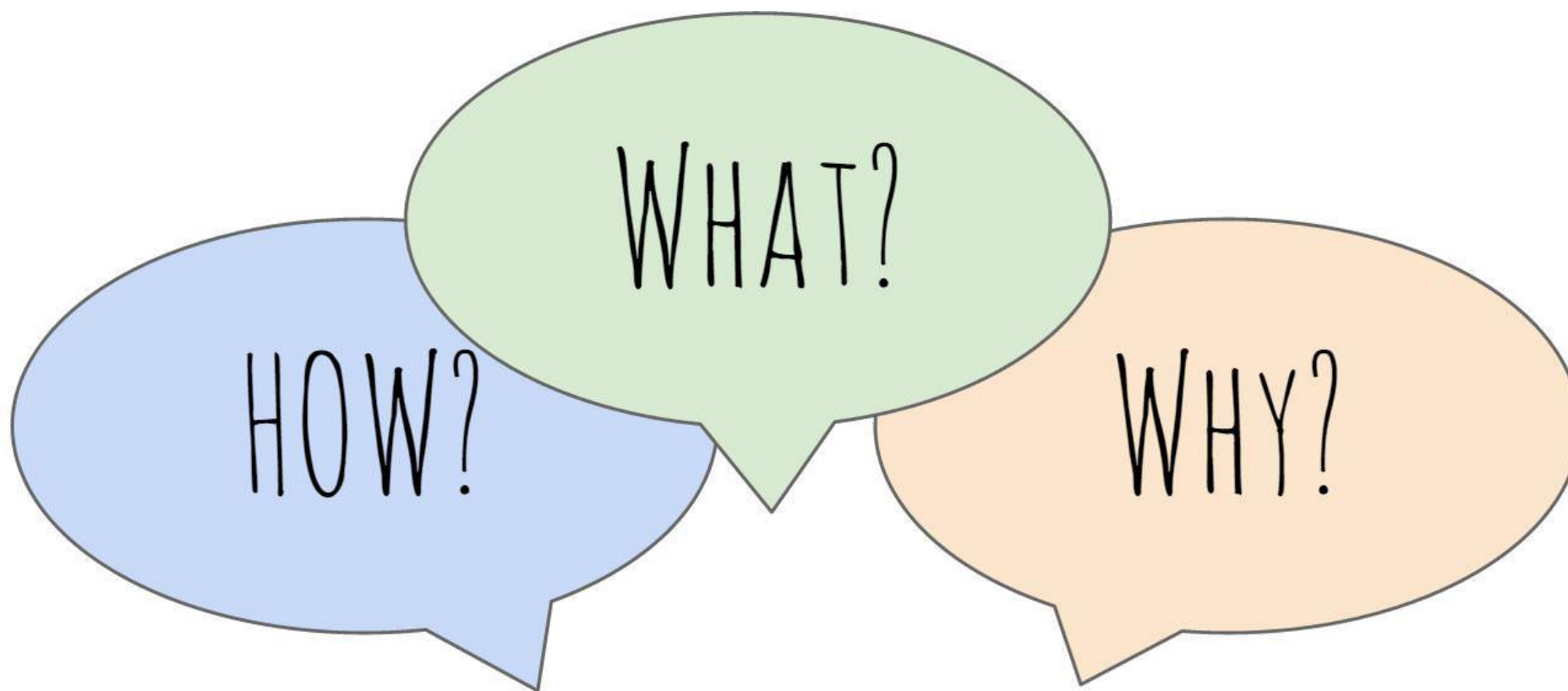


Communication - Summary

“The most important skill in communication is being able to hear what isn’t being said.”



Communication - Summary



“FOCUS ON KNOWING THE PERSON NOT THE TECHNIQUE...”

Paul Harris

Thankyou!



Paul Harris
CEO, Real Success Ltd
www.real-success.co.uk



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Recruit – Engage – Align – Lead

AHDB Supply Chain Conference 2018

Lending to add value

Euryn Jones, Regional Agricultural Director, HSBC

Lending to add value

AHDB Supply Chain Conference

November 2018

Euryn Jones

Agriculture Director



Preparing for change

- successful businesses have to be prepared to change
- previously effective approaches may no longer work
- natural to feel apprehensive about change
- despite the challenge and uncertainty, farmers who change their business are often successful

Options for farmers to consider...

- produce same products - more efficiently...
- establish new agricultural ventures
- utilise farm's resources in new ways (diversification)
- deliver 'public goods'

The future...

To be 'prosperous and resilient' post-Brexit farmers will need to:

- be progressive – adopt technology and innovation
- have global perspective - aware of world trading dynamics
- take commercial approach - focus on profitability and cash

Farmers will need to operate commercially and efficiently

- focus on generating profit and cash
- business planning and investment appraisal
- engage with supply chain
- be aware of production costs and break-even prices
- assess farm physical and financial efficiency in comparison to others – bench marking

... (continued)

- adapt to changes in consumer demand, public opinion and government policy
- consider alternative utilisation of farm resources
- be self-reliant with 'can-do' attitude

HSBC is committed to financing all links of food chain

- we continue to support investment and growth ambitions in the sector
- we will support customers to deal with challenges and take advantage of opportunities
- we continue to lend to well managed farming businesses – existing customers and new...
- invested in more specialist agriculture managers

How we assess lending propositions

- HSBC is keen to lend to well managed farming businesses
- borrower's objective - provide evidence to demonstrate to the bank that the business will be successful
- preparation of a business plan

What do we look for in a business plan?

- integrity, credibility, realism and clarity
- summary of farm's resources
- projected profit, cash and capital budgets
- concise physical and financial assumptions
- sensitivity analysis (what if?)
- does customer fully understand the plan?

Three key financial elements when assessing a proposition to borrow money

...in order of priority:

1. affordability
2. equity
3. security

Affordability is key

- £300k loan at 3% for 10 years
- finance cost per annum (repayment and interest)
= £35k
- farm business is forecast to make a profit of £50K -
can it afford the loan?

Estimating cash available to fund finance costs

	£k
profit (before finance costs)	
+ depreciation	
- private drawings and tax	
= cash available for finance cost (interest and repayment)	

Estimating cash available to fund finance costs

	£k
profit (before finance costs)	50
+ depreciation	20
- private drawings and tax	40
= cash available for finance cost (interest and repayment)	30

Estimating cash available to fund finance costs

	£k
profit (before finance costs)	50
+ depreciation	25
- private drawings and tax	35
= cash available for finance cost (interest and repayment)	40

CAMPARI – a good place to start...

- **C**haracter
- **A**bility
- **M**eans
- **P**urpose
- **A**mount
- **R**epayment
- **I**nsurance (i.e. security)

Character

the people who are going to make the plan a reality

- track record
- reputation

Ability

Professional Skills

technical knowledge
qualifications

Financial skills

business management
financial forecasting
business monitoring

Means

the person's stake in the business

- for an existing business - the net worth (assets – liabilities)
- for a start-up – cash available

Purpose

what is the finance for?

- capital expenditure
- working capital
- legal fees
- stamp duty etc.

Amount

- is it enough?
- could it be too much?
- how does amount relate to stake invested?
- how structured?
 - term loan? what term? overdraft?

Repayment (1)

Affordability

- financial forecasts (profit, cash, capital)
- relationship to previous performance
- relationship to standard data (benchmarking)
- industry volatility
- sensitivity analysis (what if..)
 - physical and financial

Repayment (2)

- source of repayment
 - from profits? other sources?
- would an interest-only period (capital repayment) help?
- period of repayment

Insurance (Security)

- what happens if it goes wrong?
- bank takes security to protect its lending
- security could be provided by property, stock, guarantees
- life/critical illness cover

Forward Planning 2018

HSBC Agriculture

Inside:

- HSBC market view 2018
- Arable budgets
- Dairy budgets
- Red meat budgets
- Agricultural support
- HSBC Agriculture contacts

HSBC



A vibrant landscape of a green field at sunset. A path leads from the foreground towards the horizon where the sun is setting, casting a warm glow over the scene. The sky is filled with colorful clouds, and the field is lush and green. In the foreground, there are several thin, white, wavy lines that sweep across the bottom of the frame.

**‘Inspiring our farmers, growers
and industry to succeed in a
rapidly changing world’**

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