



Establishing a farmer owned business to secure supply, investment and manage price risk

‘Building strong links with our farmer suppliers is important to us and EFFP have helped establish a unique and valued supply chain with them.’

Ed Fuchs

Group Procurement Director,
United Biscuits

Summary

United Biscuits (UB) challenged EFFP to find a group of farmers that could supply quality crisping potatoes directly to their Teeside manufacturing plant making McCoy's crisps. 10 farmers were found within the catchment area of the factory capable of delivering the volume and quality UB required. Confidence and trust between UB and the farmers has improved considerably through regular communication and a series of meetings organised and facilitated by EFFP. Importantly, EFFP was also able to advise the farmers on an appropriate structure and finance for the new farmer owned business, United Potato Farmers Ltd.

The business challenge

Securing a sustainable supply of the right quality crisping potatoes is important for UB to maintain the right look, taste and texture of crisp for their McCoy's brand. But growing crisping potatoes requires a large amount of investment, particularly in infrastructure and storage and supplies can be volatile owing to the impact of the weather. UB therefore identified the value in working with the supply base to increase security of supply and manage price risk. They asked EFFP to help achieve this.

How we helped

The first challenge was to find the farmers. EFFP utilised its local knowledge to find a group of farmers that could supply the right volumes and quality of crisping potatoes and were comfortable with supplying UB directly.

The second challenge was to establish and develop a relationship between the farmers and UB. EFFP played an ongoing advisory role which involved organising and facilitating a series of meetings to challenge both parties on how the chain might work more effectively and what the different roles should be to make this happen. One critical area was price certainty. EFFP worked with the growers, UB and Cranfield School of Management to develop a pricing model for the potatoes.

The farmers were also keen to crystallize their own structure by establishing a new business called United Potato Farmers Ltd. EFFP's expertise helped the farmers establish the right business structure, employ the necessary management and also secure grant funding to invest in the necessary infrastructure for managing the supply of crisping potatoes.



The outcome

After 18 months both parties are happy with the new relationship and the benefits are already becoming clear:

For United Biscuits

- Increased supply chain transparency and communication with the farmers.
- Improved confidence in security of supply, particularly from farms in the vicinity of the factory.
- The pricing model has helped to manage price risk.

For United Potato Farmers Ltd

- Security of demand from a well known and strong brand, McCoy's, with the potential to grow.
- The confidence to invest in building a strong and efficient crisping potato supply chain.
- The pricing model has helped to manage price risk.

The future

Building an effective back to farm supply chain does not happen overnight and in this respect, the relationship is in its infancy, although a good foundation has been established on which to build. The farmers and UB are setting themselves performance targets such as how to increase volumes in a sustainable manner as well as delivering increased supply chain efficiency with a realisation that if successful, it will deliver value to everyone involved.

Strategic sourcing and supply solutions

Developing strategic sourcing and supply solutions can be very challenging and even once established they can lose the momentum needed to deliver the benefits identified.

EFFP can provide the focus and management skills to initiate these projects and we also have the knowledge, experience and independence needed to ensure that back-to-farm supply chain management lasts for more than one season and delivers the maximum possible value to those involved.

About EFFP

EFFP is a specialist agri-food business consultancy, working across the whole supply chain. We combine our farming knowledge with food industry expertise to address structural, commercial and trading relationship issues from an objective and independent viewpoint.

As a national organisation, with a dedicated team of highly experienced sector and regional specialists, we not only assist individual businesses but also promote new thinking and transformational change across the complete chain. We reinvest all our profits back into the industry to help make that change happen.

We offer

- strategic insights into what is happening both globally and nationally, and crucially the implications for UK businesses;
- a range of business development services to help deliver growth, organisational and structural improvements and continuing professional development;
- expert advice and practical solutions to strengthen and integrate the supply chain back to farm level.

Speak to us

To discuss how EFFP can support your business please contact us.

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