

# Co-operation and Collaboration

## Different Types of Co-operation and Collaboration



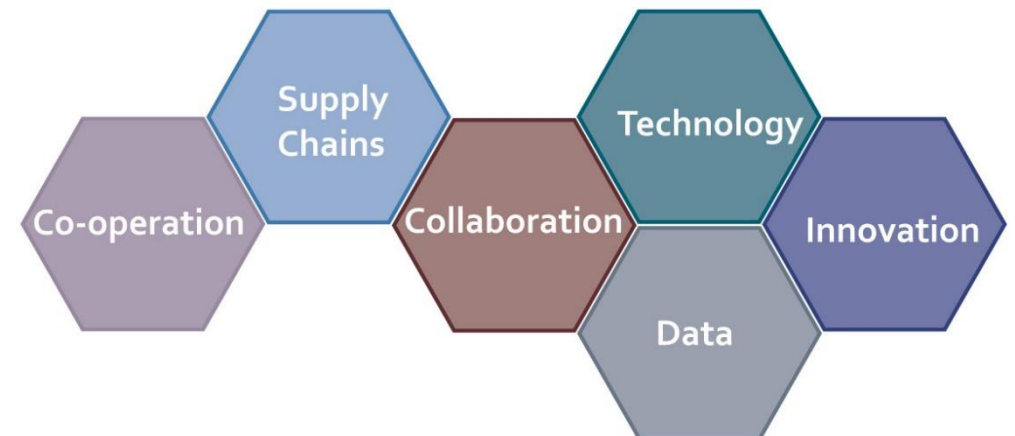
29.06.21





# Overview of Farm Co-operation in Scotland

Jim Booth  
29th June 2021



# Our co-ops work in a wide range of sectors



# SAOS's member footprint and scale

## OUR CO-OPS PRODUCE:

- 
-  **50%** of Scotland's 1m pigs per annum
  -  **125,000+** tonnes of potatoes grown
  -  **443m** litres of milk produced
  -  **25%** of Scotland's 900kt of malting barley
- Half of the oats grown, more than half of the oil seed rape, and around 20% of the wheat grown in Scotland

## MEMBER CO-OP STATS:

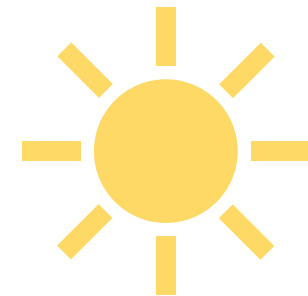
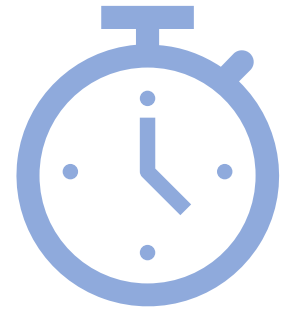
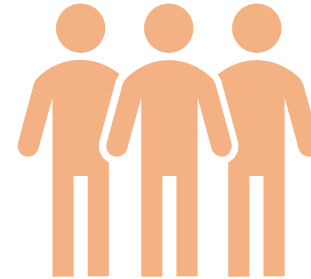
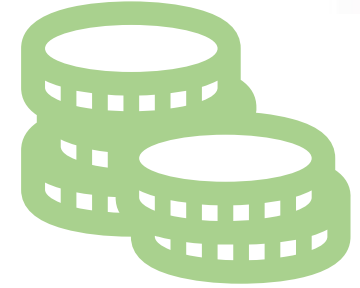
- 
-  **1,200+** employed directly (and many more through the machinery rings)
  -  **25,000** members in total
  -  **£1.5b** combined turnover

## SCOTLAND'S MACHINERY RINGS:

- 
-  **7,250** members in total
  -  **£95.5m** total throughput

# What is a Co-op – how is it different?

- Members are both the **Owner** and **Customer**
- Focus is on **Member benefit**, not external shareholder returns
- Co-ops have **multiple bottom lines**
- Co-ops are all about **People**
- Co-ops help **develop their Members**
- Co-ops are based on a set of **Values and 7 Principles**
- Co-ops take a **long-term view**



# Farm co-operation - the benefits

- Reduce costs
- Increase prices /income
- Improve bargaining power – keeps the market fair
- Obtain access to markets
- Saves time, takes hassle away
- Route to manage risk and volatility
- Access to Innovation – keeping up-to-date
- Helps build farm resilience
- Supports rural communities
- Protects family farms



**Overcomes the main problem – FRAGMENTATION**



Patron



Community Member

The Member Wears Multiple Hats

Owner



Investor



# Why do some farmers not co-operate?

Image/Perception



Selective memories



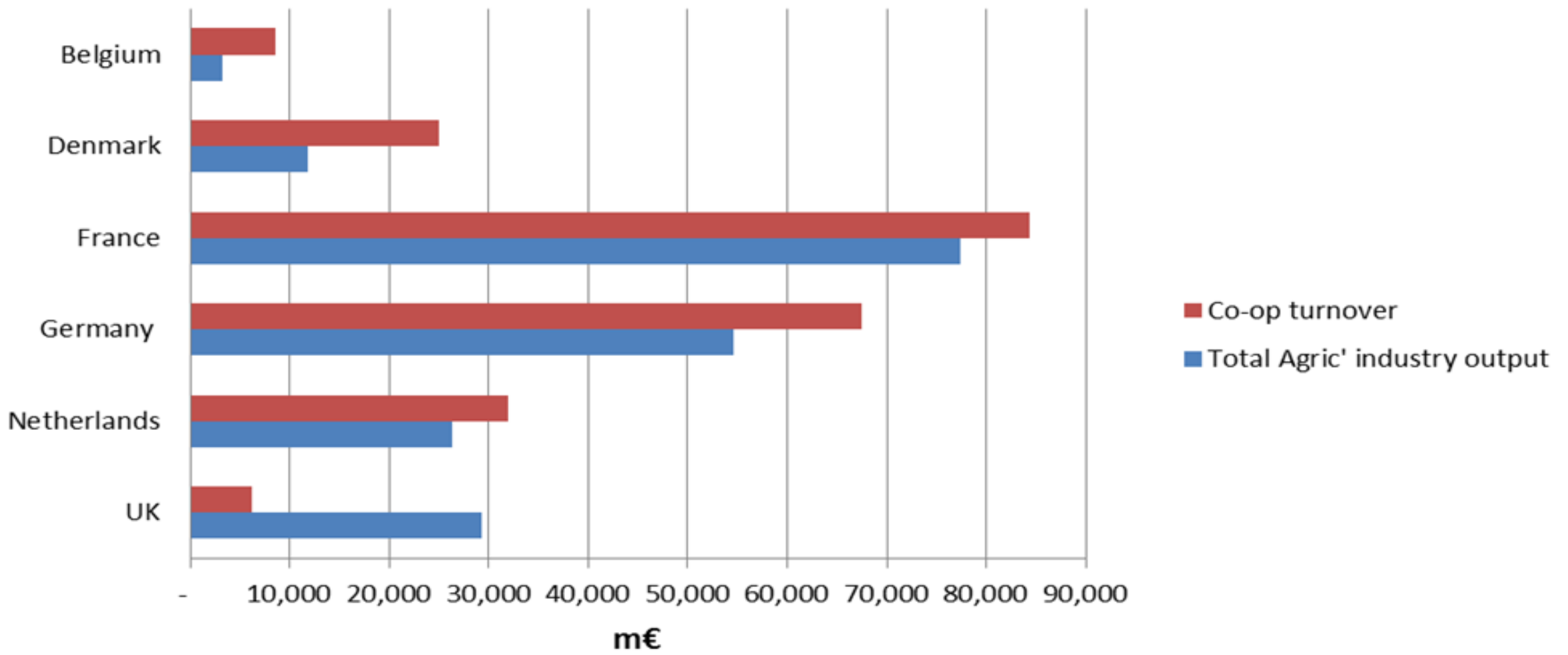
Mindset/Change...





# How do we compare with the rest of Europe?

## Agric' output compared to co-operative sector turnover



# Steps in creating a new Co-op



## Different Type of Co-ops

- Marketing Co-ops
- Input Supply Co-ops
- Machinery Rings
- Specialised Services
- Community Co-ops
- Multipurpose Co-ops



# The Scottish Potato Co-op (SPC)

## *Our Story*

**Russel Brown, SPC Chairman**  
**SRUC Webinar 29<sup>th</sup> June 2021**

# The need – why form a new potato marketing co-op?

- Growers frustrated having no power – simply ‘price-takers’
- Behaviour of the multi-retailers; tendering contracts
- Poor returns, lack of profitability, high costs and risks
- Challenge finding alternative markets for potatoes that don’t make packing grade

In summary; not a sustainable model, bleak future prospects



# How Created?



- Pulled together a core group of interested growers
- Needs leadership - important role of Fraser Malcolm
- Expert input from SAOS on the co-op side
- Conducted market research
- Input from Accountants
- Created a common purpose and future vision for the Co-op
- Targeted a group of professional, high quality ware growers
- Created a Prospectus, spoke to interested growers



# What does SPC do?



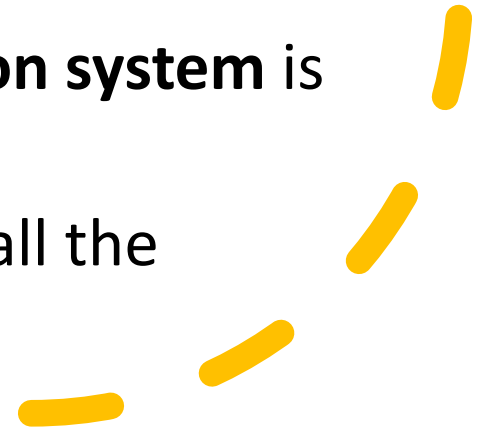
- **Market Focused** work collaboratively with customers
- **Manage the supply and demand** to ensure all-year round supply
- Operate **pool pricing** across main categories of potatoes
- **Risk is shared** across the co-op – built “contingency fund”
- **Negotiate contracts**
- **Develop new markets** for surplus and class 2 potatoes
- **Regularly assess quality.**
- **Schedule uplift, delivery and payment**
- **Collective purchasing of seed**
- **Give growers a fair return, build resilience**



# Key Success Factors



- **Good planning**, get all the foundations in place
- **People** Quality and ability of the Marketing Agent
- **Attention to detail** to ensure quality potatoes
- **Strong governance practices** – Board meets bi-monthly. Receive detailed monthly reports.
- **Ensure members are engaged and committed** – effective communications
- Having **accurate real-time information system** is essential.
- **Deliver results!** good prices, market all the potatoes, control costs



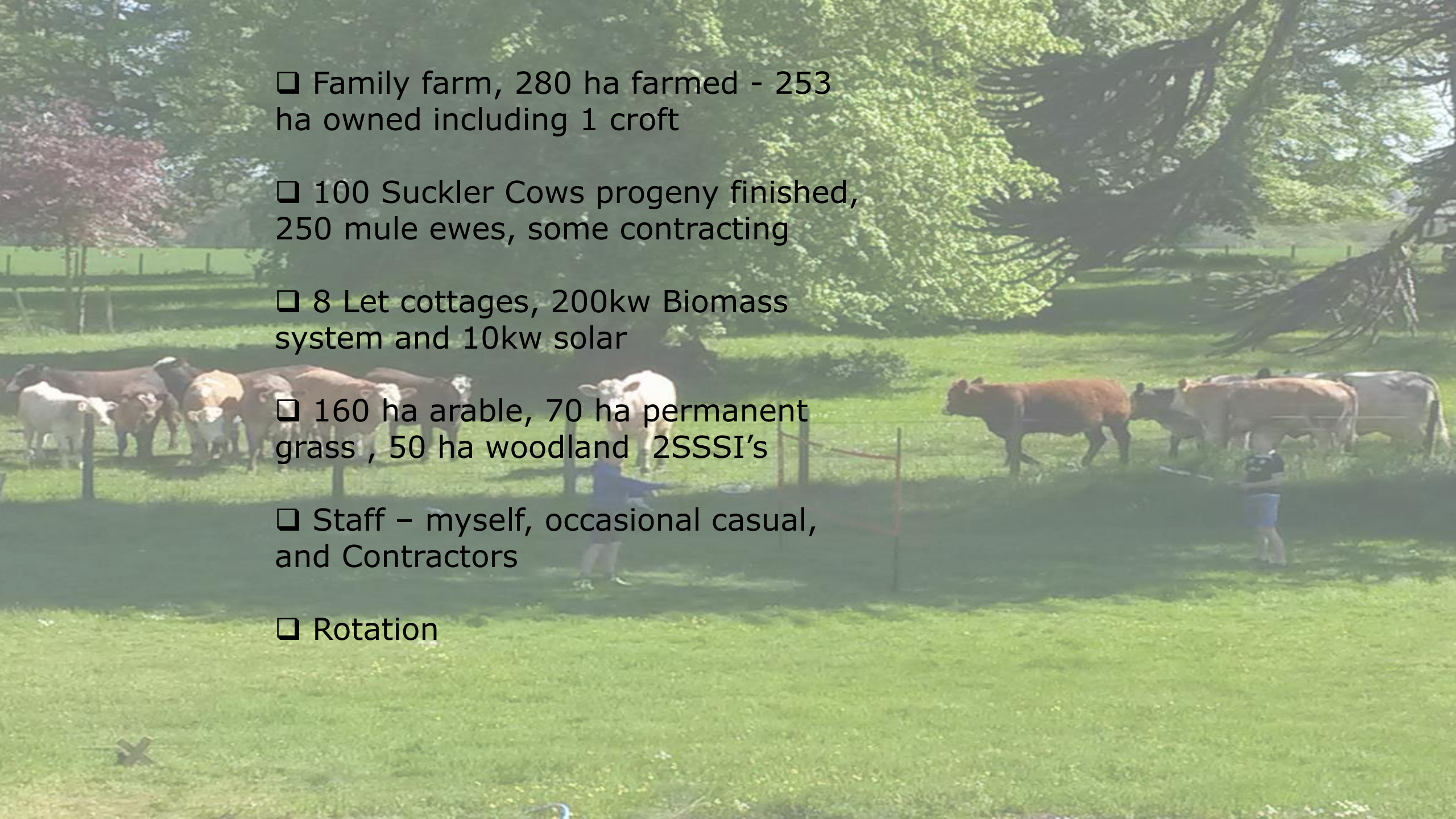
# My Co-op Journey

Donald Ross

Rhynie Farm, Fearn, Tain, Ross-shire





A photograph of a family farm. In the foreground, a group of cows of various colors (brown, white, black) are gathered in a green field. A person in a blue shirt is visible near the cows. In the background, there is a large, leafy tree and a fence line. The scene is bright and sunny.

Family farm, 280 ha farmed - 253 ha owned including 1 croft

100 Suckler Cows progeny finished, 250 mule ewes, some contracting

8 Let cottages, 200kw Biomass system and 10kw solar

160 ha arable, 70 ha permanent grass , 50 ha woodland 2SSSI's

Staff – myself, occasional casual, and Contractors

Rotation

# My co-op journey

- Farm started with Moray Firth Lamb in 1980's
- Followed by joining HBS (Highland Machinery Ring ) in 1989
- We joined Highland Grain and Scottish Agronomy in 1997
- I worked for HBS from 1999-2002
- Director of HG 2006-2018
- Currently a director of Scottish Agronomy



# Highland Business Services (HBS)



Member owned cooperative – not for profit

30+ years trading

1100+ Members

Membership cost £2.92 per week – equal to to one large cappuccino *(full year full membership)*

£6 million turnover p/a

6 million litres of fuel supplied p/a

3,500 tonnes of fertiliser p/a

20,000 bales straw p/a

800 tonnes wood pellets p/a



## Training Services



**100%**  
OF OUR TRAINING  
CUSTOMERS ARE  
VERY SATISFIED WITH  
OUR SERVICE



**100%**  
OF OUR TRAINING  
CUSTOMERS WOULD  
RECOMMEND OUR  
SERVICES TO FRIENDS  
AND COLLEAGUES



**150 +**  
TRAINING COURSES  
/ ASSESSMENTS  
CARRIED OUT  
PER YEAR



**700+**  
CANDIDATES USE  
OUR SERVICE  
PER YEAR

## Why I use HBS?

# Highland Grain

- Formed 1978
- 85 Members from Golspie to Forres
- 35,000t on site
- 40-45,000t of Malting Barley
- £11M turnover
- 3 Core customers
- Marketing agreements on OSR, Wheat and Oats with other Co-ops
- Innovative
- Capital Account



# Highland Grain Advantages

- Strength in numbers
- Spread costs, adds value
- Always a home for barley
- Peace of mind
- Ad hoc issues
- Quick payment
- Core values of integrity, transparency and accountability



# Scottish Agronomy

- Formed 1985, 200+ members
- Independent impartial Trials led Agronomy
- Members from the Tweed to Tain
- Covers 50,000 ha cereals
- Looks after 25% of Scotland's potato area
- 20,000 trial plots
- Member focus
- Choice of service levels
- Knowledge Hub





## **Why do I use Scottish Agronomy**

- Up to date trials led advice
- More independence in Agronomy decisions
- Group based learning
- Value for money
- Flexibility

# Other Co-ops:

- Owned by farmer members for farmers members benefit
- One member one vote
- Work in the best interest of members

