Managing growth in values-based food businesses and chains
- Results of case study analyses -

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

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

No 'extra' values – no premium prices

How to manage?

Photo: www.klostersee.org/hofladen

Photo: www.landwege.de

Photo: www.supermarktcheck.de
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.
“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.”

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.coreorganic2.org
www.hnee.de/HealthyGrowth