

LOTHIANS MONITOR FARM

Farm name	Prestonhall & Saughland, Pathhead, Midlothian
Meeting Number	06 – Influencing the supply chain, Principles of Lean, Marketing & Risk Management
Meeting Date	Thursday 19th December 2017
Next Meeting	25th January 2018

Prestonhall Farms and Saughland Farm run independent arable and livestock enterprises at Pathhead Midlothian. Pete Eccles is farm manager at Saughland and Bill Gray at Prestonhall. The businesses work collaboratively on arable operations. Livestock at Saughland; 50 AAX suckler cows running with Limousin & Hereford bull plus 1,900 Cheviot, Lley, Aberfield, Mule ewes with Texel, NZSuffolk, Abermax lambs at foot on rotational grazing system. Arable at Prestonhall; Combinable Crops, WW 175ha, WB 80ha, SB 160ha, WOSR 65ha, WO 20ha, Grass 75ha

The management group is chaired by Willie Thomson and includes Jill Bathgate, Russell Calder, Andrew Clark, Rob Forrest, James Hamilton, Ross King, Graham Lofthouse, James Logan and David Paul

Community Group Chairman Willie Thomson welcomed 40 farmers and industry representatives to the last monitor farm meeting of 2017 at the Juniperlea Inn. Willie explained that the aim of the meeting was to look at how we can influence the supply chain with examples of where other sectors have been successful at doing this. He welcomed Rory Christie and James Bolsworth, the two key speakers for the meeting. The meeting will also give an opportunity to discuss the individual supply chains (Beef, Sheep, cereals) and introduce some alternative marketing and risk management techniques.

KEY MESSAGES

Rory Christie - Influencing the Supply chain

- It can take a long time and forward steps are small
- MSA has built a strong collaborative relationship with Lactalis and it's up stream customers
- Pooled resources give access to professional expertise to work on their behalf
- Key to pricing is open book transparency
- Quarterly meetings and meeting minutes are critical
- Trying to change a supply culture that is deeply selfish and embedded with a lack of trust
- Collaboration is the way forward, stop negotiating and start collaborating
- Please see a link to a thought provoking youtube clip shown by Rory <https://youtu.be/ubtalzQ52MQ>



SOAS

- Co-operation overcomes the main problem – Fragmentation

James Bolsworth - CRM Agri Commodities

- Market Volatility will remain
- Market stay the same unless there are significant events
- Remove the Risk for Marketing
- Remove the guess work and manage risk
- What to watchLa Nina

AREAS OF DISCUSSION

Rory Christie – Farmer and Chairman Milk Supply Association

Rory is currently Chairman of the Milk Supply Association (MSA) which is an independent producer co-operative based in South West Scotland supplying milk to Lactalis. The group, led by Rory has worked collaboratively with the processor to establish a robust, transparent and proactive milk supply chain and pricing policy. Together, Lactalis and MSA have secured major contracts with retailers for cheddar.

Rory talked the group through his experience of changing mind sets with farmers and processors to start working more collaboratively to the benefit of both parties. He pointed out that most directors of big companies come from a sales background and are motivated to buy for less. This proved challenging when trying to educate them of the mutual benefits of working together.



The MSA was set up to represent its members in setting terms, conditions and pricing for their milk contracts whilst providing as forum for discussion and build value and acknowledgement of brand integrity which the members deliver for the supply chain.

MSA's vision and culture is based around collaborative relations, being professional and valued by both its members and an organisation which promotes strong values of transparency, trust and integrity.

Rory then expanded on the benefits to members, benefits to Lactalis and the relationship. He also explained the success of the Joint venture which includes the following

- First and only negotiated milk contract in Scotland
- Secured firstly and only annual milk price since deregulation
- MSA secured Co-op status
- Plan to roll out a supply management system in 2018
- Hoping to enter futures and price smoothing arrangement.

Stephen Young & Fergus Younger SAOS

Stephen Young and Fergus Younger then gave a short presentation on some of the work and organisation SAOS work with to set up co-ops across Scotland, followed by a breakout session where the arable, beef and sheep groups discussed their supply chains. Please see Stephen and Fergus's presentation attached.

James Bolsworth - CRM Agri Commodities

James Bolsworth gave a very interesting presentation on how CRM Agri Commodities are trying to take the guess work out of grain marketing. James presentation cover the current outlook, how to improve decision making and removing the guess work from marketing with innovative techniques and use of technology.

- Market Volatility
- Market Backdrop
- Market Outlook
- So Why are prices still falling?
- Understanding Funds
- Wheat Funds Vs Price
- CRM Agri Trading Model
- What to watch La Nina
- Remove the Guesswork



FARMERS UPDATE

Bill gave an overview of activities at Prestonhall since the last meeting. In general, it had been a challenge but the improved weather in November had rescued the sowing. Again the cover crops sown in early September are well established with lots of biomass but the late sown ones had not done so well since the November report. The two main areas which require some thought are the machinery policy as there has been some trouble with one of the main tractors, and drainage is back on the agenda. Going forward, Bill will be looking for input from the group on both subjects, along with input to the grain dryer discussion.

Peter gave a brief update on the livestock activities since the last meeting. The lambs on the stubble turnips at Rosemains were now back at Saughland, 670 lambs had gone down to Rosemains on 11th October at 32-34kg, 180 had been taken off earlier and the remaining 490 came off on 11th December at 34.7kg (22g/day). The calves have been at grass since weaning, the heifers are only doing 0.4kg/day and bullocks 0.5kg/days and 1kg/day SBP has now been introduced. The outwintered cows on rough grazing have done well and gained 40kg, they are now tidying up kale behind the sheep. Saughland has also signed up to a forestry scheme and are keen to do a collaborative agri-environment scheme with Rosemains and other neighbours.

FACTS & FIGURES DISCUSSED

- Saughland Silage Analysis 30%DM 11.2ME, 13%CP
- Calves Performance since weaning at grass Heifers 0.4kg/day Bullocks 0.5kg/day
- Lambs on Rosemains forage crop 22g/day
- Lambs on Rosemains 32kg/head 11th October 34.7kg/head 11th December

OPPORTUNITIES/CHALLENGES

Rory Christie - Collaborative supply chain

The challenge is convincing the farmers and the processor that working together has mutual benefits. There was a lack of trust which now is being broken down with collaborative working and more transparency which gradually builds confidence and the arrangement delivers for both parties.

Benefits of Co-operation 'Co-op Advantage' - SAOS

- Improve bargaining power
- Obtain products or service otherwise unavailable
- Obtain market access
- Improve product or service quality
- Increase income & Manage risk
- Overcomes the main problem -Fragmentation



CRM Agri Commodities

- Use technology to remove the guesswork when marketing grain
- What to watch La Nina

ACTIONS

- Discuss Drainage options
- Investigate sheep health issues

FACILITATOR CONTACT DETAILS

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