ResULTS project

Face to face interview with farming co-operative member, conducted 29th October 2018

Interviewer: I

Respondent: R

I: So, because we appreciate that discussing resilience is quite a complex topic, and because we’re doing interviews with the whole supply chain plus another number of different organisations, we have created a number of indicatory formative cards which is only, as I said, for indicative purposes. So treat that as a starting point of the conversation. And you might see there are things that… The cards are based on what the literature says, but you may see things that may not relate to your business, or are not related to [this area]..

R: Sure, sure, sure.

I: So feel free to make all the changes to reflect the reality. And there are no right or wrong answers. So you are the expert of the reality you are facing, so… And we are here only to capture your experiences, for use in valuable insights.

When you answer the questions please identify trade-offs. So whenever something happens, there is a disturbance or a driver for change. And you select some solutions in the background of your mind, probably you have some trade-offs taken [inaudible 0:01:26] and those might be related with the necessary resources in order to make the solution feasible, or it might be related to the impacts of those solutions. Always we are aiming for something positive, [name of interviewee], but sometimes there are side effects. So when you are making choices, you have those trade-offs in your mind.

Provide specific examples when it is possible. Explain why and how things happen in the way they do, and try to go [inaudible 0:01:54]. So if someone says to me that my business is not resilient, I would like to go deeper and understand the underlying cause of that. And if you would like to give any historical account of events because you think that kind of background evolution of, background information of the things above is important, please do that.

Now, for yourself, because you are working for a marketing business in the supply chain, obviously whatever your answers, first at the level of your business, but because of at the same time, you know, you have a good overview of how farmers might think or respond to some of the changes, and also how your customers might respond to some. So in some cases you would like probably to say, this is pretty much, also this is happening for the farmers, or the downstream cycle in the full supply chain already.

So enough introduction, let’s start with the actual questions. First is, can you please tell me a bit about your involvement in upland in the beef and sheep sector in the [area]?

R: I’m Chairman of a Farmers Co-operative called [Co-op name].

I: Yeah.

R: I have spent a lifetime in the agricultural supply industry selling things to farmers and I retired six or seven or eight years ago and so I was asked to take on board chairmanship of this Farmers’ Co-operative. And what we do is we, the Co-operative is formed by seven different small farmer groups, regional groups located in the [area], around [place 1, 2 and 3] and so on. So we have seven groups hanging below the [Co-op name] umbrella.

I: So it’s pretty much like a federation of…

R: It’s a federal, it’s exactly that.

I: Okay.

R: Yeah, yeah. And our job is to market our members’ stock, cattle and sheep to the best possible advantage. So what we try and do is keep our costs as low as possible and try and negotiate as many outlets as we can to ensure that our charges are as low as possible to our consigners, and we get the best possible deal on the day their stock is marketed. So that’s our objective.

I: Okay.

R And, as I say, we are a Farmers’ Co-operative. We’re operating to benefit our farmer members.

I: We are going to discuss a lot about, of those things later on. I would like to ask you, what are the special features particular to this upland area? I’m talking about [this area]. We have four case studies. One is in the Scottish Borders [section deleted to maintain anonymity]. So that’s one case study. The other is Orkney, the other is Skye and the other is Yorkshire Dales. So these are our case studies, but I’ve got your interview especially for [this area]. And all of them they are upland areas. What are the special features particular to that upland area?

R: Can I just clarify my role first of all? I’m not a farmer.

I: Yeah.

R: I’m a businessman. I’ve spent all my life in agricultural business and my role within Farm Stock is really to bring a business approach to the business.

I: To deliver, yeah.

R: And the sort of constitution of the federal says that the Chairman will always be, will always not be a farmer…

I: Yeah, yeah.

R: …so that they bring this business…

I: Perspective, all right.

R: …perspective too.

I: Yeah.

R: So I’m not an expert in farming techniques although I’m, you know, I’m obviously familiar with them. And we cover every type of livestock farmer from low ground, you know, mixed farming, right up to upland. We have members across the whole spectrum of farming types.

I: I’m interested in especially about the upland farmers.

R: Yeah, I understand that.

I: Because the project is about upland livestock, particular beef, sheep livestock, in those areas. And they would try to project the whole supply chain. But I wonder if there are any special features particular to that area that you should be maintaining your views? So in 10 years, 20 years, what you would like to still see in upland areas?

R: Well, I mean, you know, upland areas are crucial to the health of our rural community. You know, so much of Scotland is upland. And employment and the environment and care for the land and everything depends on upland farmers surviving.

I: Okay. So, I will… Let’s start with the first… This is, because the project, it talks, and even in the title they call it about upland food system.

R: Yeah.

I: And I was thinking that type of term, it’s going to be quite difficult because some people they think different things about the same term. So that’s why we have drawn this diagram. And what you can see here in the blue arrows is the supply chain.

R: Well the supply chain is my area of interest because the, you know, within -the farms, personally and within [Co-op name], we believe the livestock supply chain is broken, badly broken.

I: Brilliant, because I would like to discuss about, a bit about that, yeah, in more details.

R: Uh-huh.

I: So you feel that this is broken and we need to do, we need to fix it somehow.

R: Yes, yes. I mean, we’ve done, we are, as [Co-op name], I like to believe we are a key element in the supply chain because we’re the link between the producer and the processor, and indeed the retailer.

I: Yeah.

R: So, we have, I’d like to think we have a complete view of the supply chain and for years now have been very critical of the supply chain and we’re trying to change that. Trying to bring about change in the supply chain to the benefit of the whole of the supply chain.

I: Yeah.

R: And ultimately the producer, often like the farmer.

I: Well definitely we are going to discuss about why you think it’s broken and how you it can be fixed. The reason I presented that to interviewees, it was just to make sure that all my interviewees, they are talking about the same thing when…

R: Uh-huh.

I: …we are talking about food system. So here, for example, as I said, you can see the blue arrows which is the supply chain and then you can see the orange circles which is how all the kind of companies or organisations…

R: That feed into the supply chain.

I: Exactly.

R: Yeah.

I: And that add value, so it gets in banks, colleges, business or long base or whatever.

R: Yeah.

I: And then you have the green things which is pretty stakeholders affected from the choices made by those actors. And then some of them obviously effect a lot because Government and funding all this effect a lot what is going on in the supply chain. But we have all other markets like energy market, pharmaceutical market. You have all the NGOs here.

R: Uh-huh.

I: And then here you have the local community and the general public. And then if you wish, this is the type of human side, but also we consider that in that food system…

R: Yes, yes, uh-huh.

I: Yes, there is the biological supplies as well. So that makes sense to you?

R: Yes, absolutely, uh-huh.

I: Okay. We can put it aside, and if you would like you can visit it later. So I would like to ask you some general questions. What does resilience mean for you? So you hear that a lot.

R: Ability to withstand shocks in the marketplace.

I: Okay. Anything else?

R: Well essentially from a business point of view that is my definition of resilience, is being able to withstand shocks and, in the marketplace basically.

I: Okay. So, then when I was reading in the literature, I found, I came across this kind of definition which says pretty much that it is the capacity of the business or a whole system to either absorb or buffer against internal and external disturbances.

R: Hence my, you know, that was the point I was making, yeah.

I: And then adapt through incremental changes or even transform through radical changes. For example, for farmers, a radical, no, an incremental change might be increase or decrease the stock in which…

R: Yeah, I mean, I would include the ability to transform and change as part of resilience of coping with shocks in, you know, the marketplace.

I: And an example for transform capacities, radical change can be they convert to organic farming, or they…

R: Yes.

I: …stock…

R: Removal of subsidies, whatever.

I: Yeah, yes.

R: Yes.

I: So quite big changes.

R: Oh huge, yes.

I: Yes, yeah.

R: Uh-huh.

I: Okay, so any things, any kind of reaction to this one? It makes sense this?

R: Yeah, absolutely, absolutely.

I: Okay. So…

R: And unfortunately I don’t think the agriculture industry is very resilient.

I: Okay. Don’t worry, we are coming there. Believe me, you will have the chance to talk about all the issues. Before I ask about that, I will ask you something else. So if you think now about [Co-op name], how do you think it’s doing this business in terms of resilience? Struggling, surviving, making a reasonable living, booming, at this time?

R: Well first and foremost our objective is not to make a lot of money.

I: Yeah.

R: Because we are acting on behalf of our members, so provided we can sustain and maintain the business, earn enough margin to keep the business growing and sustain the business, we are happy.

I: Yeah.

R: So we’re not out to make money at the expense of our members. What we want to do is just make enough surplus to maintain and continue to grow the business.

I: Okay. So how has the, this is your scope, if you wish. But now, do you think that the organisation, it’s making a reasonable living? So you think it’s, has, you know, any struggling or surviving? Where do you think? Or it’s kind of booming, it’s going very well pretty much?

R: Our growth is going well. We’re following a philosophy that within the supply chain, the individual producer has no power. And what is happening right up the supply chain is we have consolidation at every single level. We have supermarkets merging together, we have abattoirs merging together. Ten, 15 years ago we would deal with 20 abattoirs, today it’s maybe three or four. And that, just even this year, two of our biggest abattoirs have merged together.

I: Which ones.

R: Dunbia and Dawn Meats.

I: Oh, they merged? Okay.

R: Now they take over 50 per cent of our output. Their offer before merger was quite different. Their offer post-merger has deteriorated dramatically.

I: Yeah, because obviously…

R: So, our objective is, we see the only way to combat consolidation, because consolidation brings a shift in power, the only way to combat that is to have volume.

I: Yeah.

R: And we have achieved our volume objectives. So we’re doing well in terms of volume, and we are increasing our negotiating power with the abattoirs, and indeed speaking to retailers. We are not making enough money to grow the business at the rate that I would want it to grow, simply because the farmers and, you know, I’m hoping all of this is confidential.

I: It is, don’t worry, as I said before, yeah.

R: The farmers do not see the value in supporting a business like [Co-op name]. They do not see the future ten years ahead, they only see the future, not even tomorrow, you know. And…

I: Yeah, so their perspective is much shorter?

R: Correct, correct. And that is a major concern as far as their resilience and their ability to withstand shocks in the marketplace.

I: How does it distort the kind of the balance, that kind of short term perspective, the farmers they have?

R: Well what it means is, I mean I, my colleagues have heard this story a million times but I, within my business I spent a lot of time within the ICI Group of Companies. ICI went out of agriculture. I bought part of the business as a management buy-out and sold it on to a Danish company. That Danish company is, was a grass seed company. It started 140 years ago. Denmark is a good place to grow grass seed. The yields are high, so the cost of production are low, relatively low per unit.

I: Yeah.

R: And Danish farmers, 140, 150 years ago realised this and had the foresight to say, if we want to sell grass seed, we need a company to sell it for us. And they set up this business, between 140 and 150 years ago. And they supported it, they invested in it, they trusted it, and it is now the biggest grass seed company in the world. And it controls the world price of grass seed.

I: Okay. So can I ask, what is the name of that company?

R It, well it used to be called DLF Trifolium, it’s now called DLF Seeds.

I: Okay.

R: It’s a Danish company. And that’s the model we’re striving for, but European farmers see the benefit of co-operation, UK farmers don’t.

I: Okay. Do you think there are particular reasons behind that, over the history?

R: Yeah, I think the, again, you know, I wouldn’t say this publically to farmers but the reason that they don’t see the need for co-operation is they’ve been protected over the years with subsidies. You know, if you grew potatoes or produced milk, you know, you were guaranteed a price. They didn’t need to market their product. There was no competition out there in the marketplace. And that, I think is the root cause of why UK farmers are less co-operative minded than their European counterparts.

I: But I wonder what the, for example, when you say European farmers are more co-operative, so French farmers, or Danish farmers, they have the same kind of privilege of protection of prices, because…

R: Yes, but they’re, well… I’m not sure they do to the same extent.

I: Okay.

R: But they’re much smaller. They can see the need for combining together to get more power against the other suppliers in the supply chain.

I: The other, yeah.

R: So that’s our Farm Stock theme at the moment is… And that was the…

I: Are those for me? Some of them.

R: Some of them, yeah. That is our current theme, that is my current theme to try and get through to farmers that co-operation in a world which is changing so rapidly and where power is shifting so rapidly, the farmer, unless he co-operates, is going to get screwed.

I: Yes, that’s true. Would you like me to keep it, or…?

R: Yes, by all means.

I: Thank you very much. I should put it here. So, how, don’t worry, I know we will be discussing that later, that’s why I’m trying to move forward with those things…

R: Yes, yes.

I: …you know, to go to the core of the interview. So, but resilience, you mentioned where you are now and I wonder, how has resilience of your business changed during the last five years? What is your protection for the next three years? And what is your protection for the next 15 years?

R: That is our, there’s our mission. That’s our mission statement.

I: Okay.

R: And that’s our vision. What we want to do is continue to grow the business so that we can represent, adequately represent our members in the marketplace.

I: Yeah. But do you feel that it is becoming more difficult, less difficult? That’s why…

R: I, I think it varies from year to year. We are in a year where agriculture, because of weather and so on, is under, the margins are under serious pressure. In a year like this year, farmers look first at the bottom line before they think about co-operating.

I: Yeah, yeah.

R: So, in a year like this year, we’re finding it quite difficult because economics and the bottom line becomes more important than thinking about tomorrow and next year and ten years hence.

I: But I wonder if in the difficult times, why they think there is less a solution for them?

R: Because it’s driven by the bottom line. It’s driven by economics. It’s driven by their farm profitability. And if they can save 50 pence on a sheep today, they will do it because in a year like this year, their economics are under serious pressure. So, you know, in a year like this year, the bottom line becomes more important than anything else, to the farmer at the moment.

I: Yeah, okay. Okay.

R: And I would agree that in a year like this year it’s even more important to be co-operating.

I: Yeah, that’s why I’m asking. That’s why I ask because I thought, if they are struggling more, they would ask externally for more help.

R: Yes.

I: And your business is one of the obvious solutions.

R: Correct.

I: So that’s why I don’t understand why, on the difficult years, they search for your help less rather than more.

R: Because economics becomes more important than anything else.

I: Okay. So if someone else is offering a better price?

R: Yeah, basically. We charge a commission so when we market your stock we try and get you the best price, and then we take a commission to cover our costs.

I: Yeah.

R: And in a year like this year where farmers are looking at everything, they’re looking very closely at the commission rates and saying, do I need to pay this?

I: But in… Pretty much, if they’re, what are their alternatives, is to go to the auction mart, to go where?

R: They can go to the auction market, they can also go direct to the abattoirs themselves.

I: Okay. Obviously there is no commission in that route?

R: No commission.

I: In auction mart there is commission?

R: Yes, there is a much higher rate of commission than…

I: Yours.

R: Yes.

I: Okay.

R: And in a year like this year, the auction markets are very poor because basically the people that buy finished animals in the market are abattoirs.

I: Yeah.

R: Now right now we have a glut of stock. There’s too many stock, which is part of the supply chain problem.

I: Yeah.

R: So the abattoirs are not going to the live markets, because they’re supplied adequately by people like us and their own resources. So live market prices are very poor at the moment because there are fewer buyers than normal. What was I going to say? Yes, the farmer going direct to the abattoir, to me, is not marketing his livestock. Because what we do is, we look at your livestock on the day you’re selling it and we have a choice of maybe a dozen different abattoirs.

I: Mm-hmm.

R: So we match your stock…

I: With where…

R: …with their demand on the day.

I: Yeah.

R: Now, if you’re going direct to an abattoir, you’re not doing that. You’re just sending them all to one outlet. So, today we might send your stock to one abattoir, tomorrow because the offer is different, it might go to another one.

I: So what is the percentage of live animal sales that comes from you? And what is dead weight?

R: We’re all dead weight.

I: Ah, all of… Okay.

R: We’re all dead weight in terms of finished animals. We trade store animals from farm to farm.

I: Yeah, yeah.

R: But we’re 100 per cent dead weight in terms of abattoirs.

I: Okay. We’re going to discuss later about the differences between the two. Okay, let’s move onto this one. And this card pretty much, this card first to summarise the functions, the roles, the goals that let’s say the farmers or your business or the down streams, you know, every actor in the supply chain, what type of function roles, goals those have to play.

So, I would like to ask you kindly to read the whole list. Identify first if there is something that’s missing, and then let me know which are the, how you rank them. The five most important critical functions for your business.

R: For our business?

I: Yes, let’s talk about your business first.

R: Right.

I: Because some of them, they might be inter-related. You can group them in any possible way. You can say, for example, I don’t know, just I’m guessing like five and 20 go together. Not particularly five and 20 but the first most important thing for me.

R: I’m afraid the stage our business is at, and all of this is confidential, I’m very selfish.

I: Okay.

R: Because I, we need to get this business to the point where we can start influencing the community and so on, but we’re not there yet.

I: Yeah, okay.

R: We don’t have the resources to do that. We don’t have the money to do that. So I’m really selfish in terms of, Farm Stocks’ interests are one, two and three.

I: Okay. That’s fine. Totally fine. I mean, as I said before, there is no right or wrong.

R: No.

I: And I’m not expecting certain answers. I would like to know…

R: We have…

I: …as you explained, you are saying what is happening to us now on the resources we have, or the money we have, this is what we can deliver.

R: We have somewhere about seven per cent of the Scottish dead weight market in sheep. And we’re not yet big enough. That’s not big enough.

I: Yeah. So, for example, you do both beef and sheep, yeah?

R: Beef, yeah.

I: But it’s, what clearly…

R: Our core business is sheep.

I: …percentage, it’s sheep, okay.

R: Our core. Seventy to 80 per cent of our volume is sheep.

I: Okay. And then with the volumes you, or for your sales, is pretty much seven per cent of the whole of the Scottish market?

R: Well if you take approximately two and a half million lambs marketed each year to slaughter, we have about seven per cent of that market.

I: And you said before that it’s not enough yet to make, you know, a very, huge difference. So what is the percentage you think is your target to start making that? No, no I’m just, I’m asking in order to understand the…

R: I don’t know. We haven’t set our, well yeah we did. We set ourselves, we have a strategy in place where we will be handling a quarter of a million, ten per cent of the finished sheep in Scotland by 2021.

I: Okay, so about that.

R: Ten per cent. That is our strategy that’s in place at the moment.

I: And you feel by those numbers you probably will be stronger to influence either the farmers or the, what is happening from the other side to get…

R: Yes, our target is the abattoir because, you know, if we can go to abattoirs and say, we will give you the 100 thousand sheep, you know, we will contract to do that. We will guarantee it. But if we’re scratching your back, you need to scratch ours with a better price or…

I: Yeah, yeah.

R: …better intake or whatever.

I: Mm. And that pretty much makes a huge difference in the bargaining power of yours.

R: Yeah.

I: Okay, I understand. So, you mentioned for yourselves it’s number one, two and three.

R: Yeah.

I: What about the farmers? What do you think will be the five most important functions for them?

R: You haven’t got, well it’s related to public goods and services. I mean, I think the priority for the farmers are one, two and three as well in economic sense. But coping with climate change is going to be a massive issue, I think, going forward.

I: Okay, so probably, you said coping with climate change.

R: Moderation of other climate change events.

I: Thirteen.

R: Yeah.

I: Number 13, okay. That’s fine. And what about the abattoirs?

R: What about?

I: The downstream matters, the abattoirs.

R: Sorry?

I: The slaughter houses.

R: Well I think increasingly, and I haven’t seen it there…

I: So if it’s missing, just let me know.

R: …you know, carbon footprint and animal welfare…

I: Okay, yeah.

R: …are going to be huge issues going forward. Huge issues going forward. So I think in terms of the abattoirs, increasingly… And indeed, for the retailers, you know, the retailers are demanding much higher animal welfare standards, traceability, provenance.

I: Yeah.

R: These will be the main issues going forward, I think.

I: Okay. So we can add them to the list then. Okay, that’s fine. So, let’s put that aside for now. I have a general question now, which is, is the full potential of adding value to the beef and lamb products coming from upland areas currently reached? If not, please elaborate on what more can be achieved.

R: Sorry, say the beginning of that again.

I: Is the full potential of adding value to the products that comes from upland areas currently reached?

R: No, I don’t think so.

I: If not…

R: Farmers are not good marketers of their product.

I: Okay.

R: They don’t market their product. So I think there’s masses of potential within, you know, Scotland has such a reputation for quality, you know, naturally produced product, which is not being exploited.

I: I assume, it will be nice now to ask you, obviously QMS is doing that movement with Scotbeef.

R: Yeah, yeah.

I: So you think that it still doesn’t fill the, not exactly the gap, but it doesn’t meet…?

R: No, there’s not enough money flowing through the system to market Scottish produce, particularly sheep. Particularly sheep is, you know, is an area that does not receive a lot of marketing support from anyone within the chain.

I: Okay. Is there any reason why the sheep doesn’t get all this type of support like beef or other products?

R: Well, again it comes down to money. Several reasons. One, I’m not sure individual farmers are prepared to pay for it. Two, I don’t know if you’re familiar, but there’s a levy in Scotland that all animals slaughtered in Scotland, there’s a levy paid, which is used to market produce. There are not enough abattoirs in Scotland. Currently more, well… In the region of or more than 50 per cent of sheep are slaughtered south of the Border. So we lose that levy. So a lot of…

I: So that levy goes to where? To…?

R: It goes to the English Authorities.

I: No, the levy in Scotland goes to the QMS.

R: QMS.

I: Yeah, okay. So to the English Authorities. So we lose pretty much 50 per cent of the slaughtering sheep?

R: Yeah.

I: Yeah. The ones that go for slaughter.

R: That is a good document. I only have this one copy, I don’t know if you’ve seen that. I participated in this. This was a Government funded sheep sector review which explains all of these. There are, I can’t remember how many there are of these. 24 recommendations within this document.

I: Okay. Just let me…

R: I think if you Google Scottish Sheep Sector Review, you would get that document online.

I: Yeah, so this one.

R: It took place… We sat for essentially a year and the recommendations came out in, last year, last summer.

I: Okay. Let me see.

R: I’m sure, I may have it electronically.

I: I think it’s going to be available, but if I find any, if they’re not there I will let you know and you can give me…

R: But that is an excellent summary of where…

I: And it’s produced by the Scottish Government you said?

R: Yes, well what the Scottish Government did was they appointed a Chairman who was a farmer and representatives of the industry.

I: Okay, yes.

R: So we have QMS, we’ve got farmers. SAOS is the Scottish Agricultural Organisation Association. It is the umbrella organisation that looks after co-ops in Scotland and I was representing them rather than Farm Stock.

I: Mm, okay. Good. We are now going to talk about the SAOS. I actually have, I think it’s this week we go or next week. I have something to do with them. But definitely I would like to ask you about SAOS. Okay, so I’m going to try to find that over the internet, this particular.

R: Thank you.

I: So you said one probably that 50 per cent might goes to, you know, from the Border, across the Border, but any other reason?

R: It’s just economics. It, you know, the industry is under pressure. There is not the money to spend on marketing. And, of course, we, this year I realise we’re in exactly the same position. We usually spend quite a lot of money on PR and this year I’ve avoided it because I realised only last week, that’s a big mistake. So we’re back to speaking to our PR firm to raise our profile again. But its economics that drives it. At the end of the day, it’s pound notes and the bottom line.

I: Mm, okay. So now, the next card, it’s trying to summarise the disturbances, long term pressure stroke drivers of change. Whatever you would like to call them, pretty much it’s the same thing. So if you read those, most of them they sound like threats, and I would like to ask you first, if there any particular driver of change that is very important for your business that is missing from here. And second, and also I would like to ask you, whether there is anything that can be seen as an opportunity as well.

R: Because of my business attitude, you know, I home in on the economic regulatory and political drivers. Price volatility and even power dynamics in the supply chain, you know, we’ve already touched on that. The supply chain is completely skewed towards the far end of the supply chain, you know, to the processor and the retailers. And Brexit, of course, is a massive issue, from all sorts of different aspects.

I: Okay, first of all, is there anything there that is an opportunity?

R: Well I often think that, you know, a threat can be turned into an opportunity. You know, if we could change the power dynamics in the supply chain, that then becomes an opportunity. Brexit, I’ve no idea what’s going to happen, but it may be that, you know, if there’s import tariffs and so on, that creates an opportunity, you know, because not all of our home market is supplied by home produce. So, you know, they do read like threats, but a threat can be turned into an opportunity as well.

I: Okay. Is there anything that is missing from that list?

R: I think provenance is not in there.

I: Okay.

R: Provenance is becoming more and more and more important. The public are interested in provenance, they’re interested in animal welfare, traceability.

I: Mm, there might be something which is about…

R: I don’t see it there.

I: No. I think it isn’t… No, it’s not. So provenance and traceability.

R: Yeah.

I: Okay. Now I have to ask pretty much the same question I asked you before, which is please rank the five most important threats for your business. And, as I said, you can combine in any possible way. You mentioned numbers eight, nine and all the Brexit ones.

R: Yeah.

I: And you also mentioned provenance and traceability, and also the climate change.

R: Yeah.

I: Okay. So, now I would like to ask you to discuss a bit about Brexit, a bit more. As you can see there, you have to cut it in different aspects. So, put down like subsidies or tariffs or production standards or access to foreign labour. First, about subsidies, obviously we don’t know what is going to happen.

R: No.

I: But based on the experience we have, can you give me the side effects for different types of subsidies? So we have head based, land based, environmental schemes. We’ve had infrastructural grants and also we have for calf subsidy.

R: I mean, I don’t really feel qualified to talk about subsidies.

I: Okay.

R: You know, I know that the economics of many farming systems depend dramatically on subsidy.

I: So, if we get the scenario that the subsidies go away, all subsidies go away, do you think it’s something necessary? Because you mentioned right at the beginning something like, because we have subsidies, as a side effect people tend to, not to collaborate a lot, things like that. But I wonder, at the same time you mentioned that a lot of the businesses are surviving because of the subsidies. So, where do you think we should move?

R: Well, I mean I look at New Zealand, anecdotally. New Zealand, complete removal of subsidies.

I: Yeah.

R: They, I have the numbers, just I don’t have them in my head. But I mean, you know, they are now producing twice the number of lambs from half the number of sheep.

I: Mm, mm.

R: So the removal of subsidies was very traumatic for the New Zealand sheep industry, but long term it’s done it a lot of good. And there was serious casualties in that process.

I: Mm, and what, in what terms were those casualties? What type of casualties?

R: Farmers going out of business.

I: Okay. But do you know any other details about that New Zealand?

R: No, not really.

I: Because I suspect it’s not only what we see. It’s not only like the result of removing the subsidies, because at the same time they had another, the other, how do you say? The Government solved the number of other issues and that it was like trying to help the industry to move forward. It wasn’t just removing subsidies and then having everything, you know, by the industry itself. It also had a kind of more central, more support from the Government to go to the other directions, which I’m not 100 per cent if we’re going to have that in the UK. Because, yes we can remove the subsides but how we are going to push the industry to go to the right direction and not collapse?

R: Well, that’s all around efficiency and unfortunately many sectors of sheep farming are particularly inefficient.

I: Okay.

R: Financially inefficient.

I: Yeah, I understand the system. I’m thinking how I’m going to change the question there. Anyway, so about subsidies, but you haven’t, you said that you’re not very qualified to answer about subsidies, but I wondered, have you seen any difference between the subsidies, or pretty much all the subsidies they have the same type of effect on the farmers?

R: No, I think they all have a similar effect. They all, they all subsidise, in many cases, subsidise inefficiency.

I: Okay. And also, there is a lot of talk in the newspapers about subsidies now and there might be some subsidies, but might be more on the environmental public goods you deliver rather than the production of food. If the industry moves that way, do you think it will, what type of effect it’s going to have on…?

R: Move what way? Move?

I: Having subsidies only for delivering environmental or public goods and not linked with food production.

R: Well, I mean, that would benefit the upland farmer, I think. You know, because looking forward, his role will be maintaining biodiversity, maintaining an environment and so on and so forth.

I: Mm, okay. So pretty much subsidies there, it’s pretty much an opportunity?

R: Yeah, yeah, yeah.

I: Yeah, okay. And you mentioned before about the access to the European market and…

R: I don’t think that’ll affect farmers, but right now, it is having a massive effect on abattoirs.

I: Okay. In what terms?

R: Right now, again anecdotally, because a lot of abattoir labour is Eastern European, they cannot get enough labour to process all the animals in their order book. So right now, the lack of labour at abattoir level is restricting our market.

I: And also I’m wondering what about, a number of, a big proportion of the Scottish lamb, and I think pretty much also for the Scottish beef, it’s exported. So how that is, it’s exported to the EU market. So how that balance is going to change, do you think?

R: Who knows? You know, I just don’t know. I mean…

I: I mean, there’s different scenarios. Like going for WTO rules. There’s scenarios…

R: My view of Brexit is that what will happen will happen and what we should be doing now is trying to change things that we can influence.

I: Yeah.

R: I have no idea what’s going to happen to subsidies and the various levies and export and so on. But what we can do is we can help our individual producers become more efficient so they’re able, more resilient to withstand whatever is ahead.

I: How can you help your producers to become more efficient?

R: We are supplying them with technical information. We are currently participating in a Government funded project Knowledge Transfer and Innovation Fund

I: Mm, mm.

R: We have nearly 200 thousand pounds from the Scottish Government to look at the supply chain. We’re working with an abattoir, Scotbeef and Marks and Spencer’s to produce blueprints for, one, to identify what the ideal Marks and Spencer’s carcass is, and two, to produce blueprints to produce that carcass at different times of the year.

I: Okay. And before you mentioned, it’s quite, very interesting, you mentioned about Scotbeef and Marks and Spencer because Scotbeef is one of the biggest players plus Marks and Spencer is one of the players that pretty much wants to go far with innovation, with quality, with all the…

R: Yeah, carbon footprint.

I: Yeah, all these things.

R: Traceability and so on, yes.

I: Exactly. So it’s quite an interesting combination. And I wonder, right now, the way that the supply chain works and very practically the way, the type of information farmers are getting as feedback from the whole process, how much it helps going towards that blueprint?

R: Well we are providing a massive amount of feedback to our farmer consigners, or the facility of a massive amount of feedback of information on carcass quality, on disease and so on and so forth. But a relatively small proportion of farmers actually take that up.

I: That was my next question, because yes, you can provide all this information, but how much is the take-up of the farmers?

R: We can take a horse to water but we can’t make it drink. And…

I: Yeah. Any why don’t the farmers respond?

R: Why?

I: Yeah.

R: I’m afraid that the farmer is resistant to market forces. I mean, when I’ve been feeling of critical of farmers, I say that the sheep farmer, his attitude to producing lamb is to say, well we’ll lamb when we’ve always lambed, we’ll see how they do and we’ll sell them when they’re ready.

I: Mm.

R: And that’s not a good, that’s not good marketing.

I: So instead of that, what should they do?

R: Well they should anticipate the market, they should look at when the market requires stock. I mean, right now, I’d hesitate to put a number on it, but our supply chain goes from handling very little in the early part of the year to a massive peak now, and then falls away to nothing later on.

I: Months, you mean?

R: In a normal year, September to November.

I: Okay.

R: This year, October. And what that does is, it puts every single link in the supply chain under huge pressure. Our staff are doing nothing in June. They’re working 24 hours a day just now. The hauliers can’t cope. The sheep go out of specification because they’re ready today but abattoirs can’t take them.

I: Yeah.

R: And the price nose dives, because of this over-supply.

I: Yeah. And how can this be changed?

R: Well what they could change is try and reduce that peak of production. We are dealing with a biological product and an annual cycle, but it doesn’t need to be quite so condensed as it is.

I: So instead of the period, you said October to…

R: In a normal year, sort of September to November.

I: So instead of that, I mean, realistically what would…?

R: I mean, Marks and Spencer’s require the same amount of lamb every month every year.

I: Yeah.

R: So, you know, the fact that the supply chain floods the market for a short period and starves it at other times is a massive issue for the supply chain.

I: Yes, I understand. But I wonder practically, if instead of that period, how realistically how bigger it could be, the period they could supply?

R: Well we have farmers, more difficult in an upland situation, but we handle sheep, finished sheep off farm from late May to April next year.

I: That’s from up-landers, no? I suspect it’s from low land.

R: No, from the industry.

I: Yeah.

R: Now, but the reality is that if people had the ability to produce at either end of the season, it would reduce that peak.

I: Yeah, definitely. But is that, is that because of the climate in this country? Is it because of the breeds they are using? It’s because of the habit of the industry? It’s because of what?

R: All of these. All of these. But I would say the habit of the industry is the main.

I: So what are the, not exactly wrong habits, but the habits that cause problems in the industry?

R: Well, back to my, to my phrase I used a minute or two ago, many sheep farmers say, well we’ll lamb when we always lamb, we’ll see how they do dependent on the weather and we’ll sell them when they’re ready. And this year, the way the weather has gone, it has condensed that into a much shorter period than ever, and it’s creating massive issues. Last week, we were, we had 10 thousand sheep we were offered. On Friday we had three thousand sheep that we couldn’t move because the abattoirs were full.

I: Mm, okay. So going back to that example you gave me with the blueprints from Scotbeef…

R: Yeah.

I: …and Marks and Spencer. So these blueprints, what do they look like? What aspects would you like to change there?

R: Well what they will look like is they will say, you know, this is the seasonal pattern required by Marks and Spencer’s. We are going to be doing some price modelling to say, you know, if you market sheep in June as opposed to October, this will be the difference.

I: Okay.

R: And then allow farmers to say, well yeah, I can make another 20 pound a lamb because of the price. It will cost me ten pounds to do it. So they can then make a choice of whether they want to do that or not. But we have to.

I: So it’s pretty much based on the price analysis rather than anything else?

R: It will be primarily, and the ability and climatic ability, yes. And resources, of course. I mean, if you’re… One of the issues with hill farmers is they don’t have the same sheds, you know, or resources that low ground farmers have.

I: Okay. But what about the breeds and the genetics of those breeds? Is there any aspect of that included in the blueprints or in that initiative?

R: Well again, anecdotally, within the UK we have something like 80 or 90 different sheep breeds. And then there’s all the cross breeding between those. Within New Zealand they’ve got four or five sheep breeds.

I: Mm, what difference does that make for the full supply chain?

R: Well their sheep are identical.

I: Yeah.

R: No, well… I mean, New Zealand lambs are…

I: So there is more consistency…

R: Correct. And we have…

I: …in the quality and the volumes, what? Quality of the…

R: The quality and the size. They’re producing peas in a pod. We’re producing huge variety in terms of the end product, huge variety.

I: And how can you tackle that as a whole industry?

R: Well it’s very difficult, but it will be part of, or potentially could be part of the Marks and Spencer’s project to say, look, Marks and Spencer’s prefer these breeds. But, of course, that…

I: Would they have practical preference already?

R: That, we’re doing taste testing on different…

I: Oh okay.

R: But of course that is very difficult for us because if we say, we support breed X, all the breeders of breed Y will be upset with us.

I: Yeah.

R: So it’s a very difficult road to follow that.

I: But that brings me just I’m laughing because it brings to my mind what we said before about subsidy. So it’s, it’s all the choices they have made as an industry…

R: Yes, yes.

I: …rather than the subsidies there.

R: Yes, yes.

I: So there are other choices that will be painful to change, but there needs to be change.

R: Well, that would be my belief, yes.

I: And I wonder, what’s the role of the Breeding Societies? And also…

R: Well the Breed Societies are all wed to their individual breeds. You know, they are fanatical about their individual breeds. That’s why it’s dynamite for us to say, we prefer breed X because breed Y will then be very upset with Farm Stock.

I: Mm. And you feel that if you make like a society upset, that pretty much the hole is like a dynamite?

R: Well it would be difficult for us economically if Breed Societies said don’t, if some Breed Societies don’t deal with Farm Stock. Because we are supporting breed X instead of breed Y.

I: So that’s why pretty much it’s quite difficult for you to, as a barrier, to pretty much play the role. Even if the project with Marks and Spencer’s come back with the results and you see, breed A, breed B are the ones. Forget about X and Y.

R: Best tastes, best confirmation and so on.

I: Yeah. And then still you have that kind of scientific but still you can help to push it back to the supply chain?

R: Well…

I: I mean, to the farmers.

R: We can, I’m hopeful that we can say, you know, the Marks and Spencer’s taste tests have found that breeds one, two, three, four are the favoured ones without casting aspersions on other breeds.

I: Okay, so probably don’t criticise the other breeds, but create a kind of preference for some other.

R: We’re only, we’re only at the end of year one in a three year trial, so…

I: Okay. And this trial is with farmers as well, or it’s pretty much…?

R: Yes. We have a dozen farmers from low ground, mixed farming, upland, in different geographical areas.

I: So in upland, which areas do you have?

R: I’m not directly… Perthshire.

I: Okay, okay. It’s just I’m asking if there is within the focus that we have. But, in any case, it doesn’t matter because uplands is uplands, pretty much…

R: Yeah, yeah.

I: …they have similar type of features.

R: Because what Marks’ need is they need a consistent supply of the type of carcasses that they want. And the market, the producer is ignoring what the, largely what the market wants.

I: Yes. So is that what you were trying to explain before, saying the supply chain is broken?

R: Yeah.

I: Yeah. Or are there any other aspects that it seems that it’s broken again?

R: It’s adversarial.

I: What is that, sorry?

R: I mean, everybody blames everybody else. It’s based on a buy…

I: Okay. What word did you use?

R: Adversarial.

I: Ah, okay. I didn’t know the word, that’s why.

R: It’s based, everybody tries to buy low and sell high. That’s what everybody tries to do. And it’s unsustainable…

I: Yeah, I think so.

R: …that everybody within the supply chain is only looking at themselves. It cannot go on. They’ve got to understand that a joined up supply chain, everybody is in a partnership. And the supply chain needs to make money and then divide that equally between the players within the supply chain.

I: So I wonder, because you mentioned before about the consolidation, the level of abattoirs, I mean slaughter houses and also the level of retailers, how much do you see those players, they’re really willing to be part of that?

R: Well I’m hoping that… This all started really from a pilot study that we did in October 2013. And then we had a huge conference in 2015.

I: Yeah, so 2013 you said, yeah?

R: Yeah. You’ll get that online as well.

I: Yeah, yeah I will write down the…

R: Can I find a loo at coffee time?

I: Yes, sorry. So the loo here is, you go straight out.

R: Okay, thanks.

I: And you would like another cup of coffee?

R: No, no that’s fine.

[Comfort break 1:02:10 to 1:04:22]

I: Are you sure you don’t want anything else?

R: No, no thank you.

I: By the way, did you like the coffee?

R: Yes, the coffee was lovely actually.

I: Okay.

R: It was good, good.

I: But I can make one more if you want.

R: No, no. Thank you. That’s fine.

I: So definitely this, it sounds really, really interesting.

R: And what…

I: The whole study. So it becomes, it seems that became the, pretty much the case study for this one.

R: Yeah, yeah. Again, you know, I…

I: And how it started? It started by the, you said by the, you had a conference?

R: Uh-huh.

I: And then you realised something more needed to be done?

R: I think we realised that the supply chain was broken. That was why we had the conference.

I: Okay. So that conference was organised by whom?

R: Us, by me.

I: By you, okay.

R: Yeah.

I: I just put it there because obviously you want to keep that.

R: Yes.

I: Yeah, okay.

R: I’m just wondering if, I could probably email you the presentations from the conference. I just wondered if I had a… I can’t remember. I did a sum up. I can’t remember whether…

I: Well you have my name, so whatever you think is relevant…

R: Yes.

I: …just send that to me.

R: Yeah, here’s my, these were my summary slides. Oh no, that’s… They were not slides, that’s just my conference presentations.

I: So pretty much what you said to them?

R: Yeah.

I: Okay.

R: I mean, what we had was…

I: It would be nice to have that as well because obviously I wasn’t there. Or you have a video. Do you have a video? I mean, was it…?

R: No, no.

I: No, so if you give me the slides plus what you said to them, that would make sense, because sometimes the slides need some interpretation.

R: But the key issues in the supply chain. These were my opening slides. Abattoir demand, matching supply with demand. That’s our monthly demand. We go from handling nothing to a massive peak that destroys our business and the price. That’s what happens, that’s the supply, and that’s what happens to the price.

I: Yeah, yeah obviously.

R: Consumption, carcass keeping, quality consistency. And what really frustrated me, I used this several times, this was a quote from a 1929 SAOS report. National organisations regulate supplies to the markets, according to the requirements of the market, which will eliminate the unnecessary elements in the distribution machine. And it hasn’t changed.

I: Yeah, okay. So definitely I need those. If, as I said before, if you give me…

R: And these, of course, will be confidential.

I: Totally. I mean, everything we discuss here is totally, because the thing is that, I need to understand what is going on. So I…

R: Well what we had here was myself with an introduction. We’d a farmer, putting the farmer’s view, we had an abattoir, we had the Chairman…

I: Okay, which abattoir?

R: Dunbia.

I: Oh Dunbia, okay.

R: We had the Chairman of Beef and Lamb New Zealand speaking.

I: Okay.

R: He came across especially for the conference. We then had the Head of Agriculture for Marks and Spencer’s and we had Nathan Ward, we had Kantar Worldpanel which is a consumer survey…

I: Yeah, yeah I know. I know.

R: …Kantar, yeah. So we had…

I: They usually do the [voices overlap 1:08:29].

R: …every section of the supply chain represented.

I: Great, but…

R: And strong messages coming through.

I: I assume the representation findings, they’re not available on the internet?

R: No.

I: No. So I assume I should get permission from them to have the [inaudible 1:08:47]. But, anyway, some I think some of those people I might interview. From Marks and Spencer we were going to get some interviews, but also from the slaughter house you mentioned, we are going to get some. So probably we are going to get their views from there.

So let’s go back and start discussing a bit more. What other, so you mentioned a number of what is broken in the supply chain, do you have anything else you would like to say and you didn’t have the chance to say there?

R: Not really. I mean, my view is that, as I say, the supply chain is very adversarial and what I’m trying to do is bang heads together and say, look we need to cooperate together.

I: Yeah. Ah, but that’s why, when you are saying that, I came with a question like, do you see, obviously slaughter houses, there are a number of those and retail also there are some, not many but they are big retailers. So do you see any differences in their attitudes? There are some that are more…

R: The retailers?

I: Yeah, the retailers that are more competitive, others they prefer the old type of how the supply chain works?

R: Certainly some of the retailers are more amenable to communicating to the various other bits and pieces of the supply chain.

I: And I assume one of those are Marks and Spencer.

R: Yes.

I: Who else?

R: Waitrose are quite good. You see what you’ve got is you’ve a relationship between the retailer and the abattoir and then the farmer and Farm Stock. Now we bridge that gap. So I see Farm Stock as potentially having a really important role in terms of trying to sort out this supply chain, and that’s what I’m trying to do at the moment.

I: Which is a huge task actually.

R: Enormous.

I: Yeah, it’s enormous. From what I understand.

R: But it shouldn’t stop us from trying.

I: Yeah, no, no definitely. I think this is the only way.

R: And we, you see, we have three key strategic objectives. There’s our strategic objectives. We want to grow our volume. We want to support our…

I: Members…

R: …members to become more resilient.

I: …and improve their performance, yeah, and improve the resilience.

R: And improve the supply chain collaboration.

I: Okay. Let’s talk a bit more about how practically is, what are the practical barriers you are facing when you try to, regarding improving the performance of individual farmers and changing some attitudes or some kind of behaviours they have established for a long time? So, what, practically, what kind of barriers?

R: Well there are physical barriers in terms of resources that they have available. I mean, a hill farmer can’t lamb his sheep in February, you know, it’s… So there are the sort of physical barriers, climatic and resource barriers, which are enormous and are very difficult. You know, it’s much more difficult to farm at the top of a mountain than it is at the, you know, on the sea side.

I: So that’s one barrier. Other barrier?

R: There are financial barriers. There are production barriers, you know, in terms of feeding costs and so on. You know, it’s much more difficult to conserve feed in an upland situation than it is in a low ground situation in terms of silage and so on and so forth. And then there are, I suppose, diversity barriers in that uplands your options are much less in terms of enterprises.

I: Meaning alternative feed, alternative…

R: Grain or forage crops and so on and so forth. And the fertility of the ground is a barrier. So there are loads of barriers which put production problems, make production much more difficult in an upland situation than in a low ground situation.

I: But still, there are some kind of management and benchmarking solutions, but it seems…

R: Oh absolutely. And what we do is…

I: People they don’t uptake those?

R: We supply our members, if they wish, they need to say yes we want it, but we supply them with benchmarks for their individual type of farming. So we’re saying that on a low ground farm a good growth rate might be 250 grams a day, you’re only achieving 120, in the hope that farmers will say, well why am I not doing 250?

I: So how many of your farmers do they accept to get this benchmark?

R: About a third have opted to receive it, roughly.

I: Which is interesting why only a third.

R: Mm-hmm.

I: Any thoughts behind that?

R: Again, you know, the technical ability of many of our producers is not great.

I: So they cannot really understand what they see?

R: Mm-hmm.

I: Okay. And any…

R: I mean, I feel I’m being very critical of farmers, but…

I: No, no, that’s fine. I mean, that’s the important thing. And someone like you, that you are not coming from the sector…

R: No.

I: …but you work with the sector, it’s much easier to understand what is going wrong, rather than someone which is…

R: I mean, you will see, you will see in this report that we believe training is hugely important.

I: Yeah, so it’s the issue of training. On the other hand, it seems that there are some training shops that’s out there, but still they don’t manage to reach…

R: Correct. Again, you know, somewhere in here, workload was an issue.

I: Yeah.

R: You know, I have a Farmer Board. We have seven groups and each group is entitled to put representatives onto the Farmer Board. My attendance at Farmer Board is poor because all of a sudden there’s a crisis on the farm and there’s nobody to cope with it.

I: Yeah.

R: So, you know, they can’t come. Now that is a massive block to training and being organised and, you know, they might have a training course a week on Tuesday, but because a cow is calving or something, they can’t go. So, labour and work pressure is a major barrier to training.

I: Is anything to do with their perceptions about training, how beneficial it is, who is, their perception about who is doing the training? No, just, I’m just guessing here. Is only…

R: Yeah, I mean, I think…

I: How much do they believe that they, do they trust either the sources of the training or the quality of the training? Because obviously they have to do a trade-off, so should they stay in the farm or should they go to the training?

R: Correct. And nine times out of ten they stay on the farm.

I: Yeah.

R: Why? Workload, I guess. I’m not sure that, I’m not sure whether they think that the training is not appropriate to them or what. I’m not sure what the reason is, to be honest.

I: And I assume it’s an area that will have to be, get a bit more light on it before we prepare more and more training if they pretty much, they don’t uptake it.

R: Yeah, I mean…

I: But the other thing is, you mentioned about the, here, like a kind of objective, like improving supply chain communication and collaboration for the benefit. And I was thinking from the downstream marker, so abattoirs, I mean, sorry about the pronunciation of the word, but I mean slaughter houses.

R: Uh-huh.

I: Slaughter houses from their side, how do you see…? You said, for example, from retailers, there are some of those like Waitrose, Marks and Spencer’s or, what about Sainsbury?

R: Sainsbury are very big Dunbia customers, but we haven’t got close to Sainsbury’s. We’re quite close to Marks and Spencer’s. We’re quite close to, or we have a relationship with Waitrose, but we haven’t managed to establish… Because the abattoirs protect that relationship.

I: Oh yeah, sure. That was kind of the question I… So it seems that sometimes the slaughter houses, they don’t really want the farmers or your type of businesses to come closer to the final retailer?

R: Yes.

I: Yeah, so it’s part of this, you know, this same.

R: It’s part of this adversarial…

I: Yeah, yeah.

R: …culture.

I: Exactly.

R: …that exists with everybody blaming everybody else for the ills of the supply chain.

I: But also I wonder, did you have the chance to work with any other retailer, multiplier retailer, for example, Tesco, Asda, Lidl, Aldi?

R: Not really, no. We haven’t got close to any other retails, despite trying.

I: So do you find…

R: They are…

I: …it more difficult?

R: Their relationship, they’re more interested in their supplier.

I: So the slaughter house?

R: So they are, by and large, the relationship between the retailer and the abattoir is very strong, although still very adversarial because anecdotally the retailer says, well we’re doing a lamb promotion this week, or we’re doing X promotion, we need you to help subsidise it.

I: Mm, mm. But on the other hand, because it has happened for another project I was doing, it was on sustainability and I had done some interviews with, it wasn’t on the beef or sheep supply, but it was on the poultry, it was on the soft fruits. So I have seen a bit of the relationship between the processing unit and the retailer.

R: Uh-huh.

I: And I’ve seen some interesting things like retailers keep to changing the person who is for the procurement very frequently, not to allow the strong relationship…

R: Yes, yes absolutely.

I: …like that.

R: That happens very clearly. I mean, in a previous life I used to deal with B&Q for grass seed and they changed their buyers all the time…

I: Yeah.

R: …so that I didn’t make a relationship with the individual buyer. They are continually changing them, and that happens.

I: And not with Marks and Spencer’s, but I remember, I don’t remember exactly which one was the other supermarket, but there was a kind of, for farmers or, you know, processing units that at some point they said, okay, they have on ground all this nice supply chain collaboration initiatives, but what they pretty much, the retailer is trying to do is to find hard evidence to say, you can produce with this low cost and reach that efficiencies and then pretty much push the whole industry to go, only target repeat based on that.

R: Mm-hmm.

I: Which is okay in general, in principal, but especially like if you’re dealing with upland areas, lowland areas, there is no way you can get exactly the same…

R: Correct, yeah, yeah.

I: …efficiencies and production costs…

R: Correct.

I: …in upland areas. So pretty much you put much more stress on the whole supply chain. So have you seen similar type of kind of, in the beef and sheep? I’m talking about other sectors, because I don’t have experience from the beef sector, I haven’t done all the interviews so I don’t know what the whole thing. But, do you see typical, no, similar examples, I mean?

R: I haven’t really thought about it, but yes, I’m sure that is there. You know, we are saying to farmers, well why do you only produce your lamb in this huge peak period? And they’re saying, well I can’t do anything else. I don’t have the facility to do anything else.

So, the way in which we can alleviate that is get the other people who can influence the peak, who can move their production shoulders out a little bit.

I: And who are the other people? Are they…?

R: Well the lower ground people.

I: Ah, the lower, okay.

R: Yes, the people with more flexibility.

I: Yes, yes.

R: Because if you’re at the top of a mountain, you have very little option in terms of how your sheep do, because you’re dependent on the weather and the resources that you have available. And almost inevitably you are marketing your sheep at the poorest time of year because that’s when they’re all…

I: Yeah, but pretty much the low ground is more kind of intensive production, closer to intensive production compared with extensive production in upland areas.

R: Mm-hmm.

I: So pretty much we are talking about two different production systems here.

R: Yes, yes, yes. But, you see, farmers could, and that’s what we’re trying to do, is develop initiatives to help these people. Because, you know, we could take store lambs off the upland farms and work with low ground farmers to finish them, and share their profits somehow along the line, but it’s very difficult to do.

I: But also the kind of sharing profits, how much do you think the other players in the supply chain would like to participate in that? I mean is there any willingness from slaughter houses or some retailers?

R: Yeah, I think, I think there is. Because what the slaughter houses want is a constant supply.

I: So pretty much, they need to go down that…

R: They don’t want this starving and then a massive peak and then starving again. And that’s why they import New Zealand lamb and so on and so forth, to fill gaps in the market that the UK farmer can’t supply.

I: Yeah, so just to check, what time is it? Because obviously…

R: Yeah, I’m okay, I’m okay until about quarter past 11, something like that. That’s…

I: Quarter past 11, okay. That’s fine. Just to make sure, from this list, we talk about nine especially.

R: Yes, and eight.

I: And eight. What about the production standards? Because obviously now with the Brexit…

R: Yeah.

I: …there is a lot of discussion, should we go for the same type of EU or very high standards in this country, or should it pretty much stop doing…? Because obviously that’s…

R: If you don’t have high production standards, you become a commodity. And a commodity market is even worse than… And what we need to try and do is add some value, somehow. And provenance would add value.

I: Okay. But provenance, oh that’s a really quite interesting thing. Provenance, when you think about, do you think in a Scottish level or you can go even deeper? For example, I’m talking about that because one of the work we studied was Orkney.

R: Uh-huh.

I: Orkney used to have the Orkney Meats, I can’t remember what was the name.

R: Yeah, yeah.

I: So pretty much they’ve had like a very strong brand…

R: Yes.

I: …for some years.

R: Yes.

I: But if you ask, assume right now either Scotbeef or QMS or whatever, they would prefer the Scottish lamb…

R: Yeah, yeah, yeah.

I: …rather than those small pockets of…

R: Well, but you see the retailers, some retailers do speciality lamb.

I: Okay.

R: So, for example, I’m not sure if they’re doing it now, but one of Marks and Spencer’s speciality is salt marsh lamb. Now we tried to persuade Marks and Spencer’s to introduce Shetland lamb because we handle sheep from Shetland.

I: Yeah, yeah.

R: They didn’t. Why? Well one of the reasons they didn’t take it on board was they were concerned about the supply because we couldn’t supply the volume that they needed, because they run these specialities for maybe six or eight weeks in the stores. And during that period, they need a consistent supply.

I: Okay. So obviously that is quite a crucial thing…

R: Yeah.

I: …as a criteria to make a decision. Any other thing that came from the retailers that they have an issue how to… Yes, they would like to have speciality…

R: Yes.

I: …it’s what practically are the barriers? What are the barriers practically?

R: Supply. You know, supply and consistency of supply.

I: And the quality and the volume?

R: And the volume and the consistency of the product.

I: Okay.

R: That’s why we’re studying this Marks and Spencer’s, so what we’re going to say is, so you want to produce lamb for Marks and Spencer’s in September, there are the instructions.

I: Okay, okay, okay. But, another issue is that obviously, Shetland, for example, they don’t have an abattoir, they don’t have a slaughter house. Does it make any difference?

R: Who, who?

I: They don’t have any, in the Shetlands, they don’t have a slaughter house.

R: The retailers?

I: No, no.

R: Oh sorry, Shetland, no, no they don’t, no.

I: No. And obviously now they are much less, you know, much fewer abattoirs. Does that create any problem?

R: Yeah, massive issues. One in terms of distance. Two, the physical issues associated with island, you know. I mean, we’ve had sheep, 500 sheep on a lorry and the boat doesn’t sail. So then you get into welfare issues and all sorts of practical problems. But distance to abattoirs is a massive issue.

I: So, because there is a lot of criticism that we don’t need all those smaller slaughter houses because they are not financially viable or whatever, but on the other land, that creates a barrier how can you add…

R: Correct, correct.

I: …value to the product?

R: Yeah, yeah.

I: You cannot market it as like Orkney or Shetland or whatever if it’s from there then goes…

R: I mean, we can’t get, for example, it’s just physically impossible to get sheep from Shetland into Sainsbury’s, because the Sainsbury’s abattoirs essentially are in the South of England. So it’s physically impossible.

I: Yeah. And they are not, obviously Sainsbury, they don’t want to use the facilities of another slaughter house in Scotland?

R: No, because what the retailers do is they impose very strict standards on the abattoirs so that they can market themselves as being, you know, animal friendly, welfare and so they… So they don’t want ten supplying abattoirs, they only want one or two.

I: Okay.

R: And Marks and Spencer’s have just done that with Scotbeef. They have essentially given their entire UK business to Scotbeef.

I: Okay. So even animals from the South of England?

R: Well what Scotbeef are doing, they’re organising slaughter in the South of England through abattoirs.

I: Oh, [inaudible 1:30:25] of them.

R: But Scotbeef are controlling it, essentially.

I: Yes, yeah, yeah. Okay, which is quite a dangerous thing that how many abattoirs and where they are located, what type of choices they leave for the whole supply chain…

R: Correct.

I: …to go either one direction or the other.

So, I’m just, I’m having all these thoughts chatting with you, just to try and run this down, what are the issues in the way that the supply chain structure is governed can create problems and bottlenecks, if you want?

R: I mean another, another issue which is related to abattoir location and transport and upland is that we’re dealing with relatively small numbers of sheep.

I: Yeah. So that’s why a smaller size slaughter house might be more meaningful?

R: Potentially yes. But the reality is that economics don’t work. I mean, a load of sheep is approximately 500 sheep. Now, in an uplands situation, we could have 10 or 20 collections, to get together a load of sheep. That adds to the carbon footprint, it adds to the transport times, it adds to the animal welfare, it adds to the, causes problems with the cleanliness of animals when they get to the abattoir, which affects carcass quality, carcass keeping quality, transfer of micro-organisms from a fleece onto the carcass. Yeah, these are all massive issues.

I: And it just came, a question in my mind and then I lost it. I have these moments. I’m waiting for you to finish and then I have in my mind…

R: Oh sorry, sorry yeah.

I: …and then it disappears. It’s not your fault, it’s my fault. Anyway, so, okay… What did I want to ask?

R: The…

I: I wanted to ask, you mentioned before that you use a lot of good qualitative information and feedback for the farmers.

R: Yeah, yeah.

I: But only one third of those, they accept to get all the benchmarking, all the… And do you think from one of those one third, how many are those they practically change something in their farm because they got this?

R: Yeah, I think, I think a relatively high proportion will.

I: So the ones, they accept to get the benchmark, they take it seriously?

R: Yes.

I: Okay, good. At least…

R: Or else they wouldn’t ask for it. They’re saying, you know, why is the Farm Stock average 250 grams a day and my average is only 150 a day?

I: I would like to ask you now about that difference between dead live sales and live, obviously from finishing animals we are talking about, for store animals there is no way. But for the finishing animals, when you have those two options, what are the pros and cons of each option? Why people, they chose either the one or the other, or…?

R: Well one of the things about taking animals to a live market is you’re then committed. Nobody takes 50 sheep to a market and then brings them home again.

I: Yeah.

R: So a live market, you get the price on the day and you’ve committed yourself and…

I: It makes you price taker?

R: Price taker.

I: Yeah, okay.

R: Dead weight, you’ve got an option, within reason. Because we can say the price is 375 a kilo and you say, oh no, I’m sorry, that’s not good enough. I’m not going to sell them today. So that is a difference between dead weight and the live market is, you go to the live market you’re a price taker. With dead weight you have some leeway to decide whether you want to accept a price or not.

I: Obviously I’m going to ask you about, to give me a rough estimation, but it’s very, very rough. You cannot really say about what happens in the whole of Scotland, but how much do you think the sales that go through dead weight and how much live?

R: I really, I really don’t know, to be honest.

I: Yeah, it’s very difficult. But I don’t know if… Do you think, my perception is like probably the live sales is much, much bigger than the… Or it’s…

R: I think it’s changing. It’s changing. You see the other, the other influence that a market has which we shouldn’t underestimate is the social contact that a market has.

I: Yeah.

R: Farming…

I: You mean all the, when they are going to the auction marts they meet other people?

R: Yes.

I: Yeah.

R: Farming is quite a lonely occupation and I wouldn’t underestimate the value or the importance of social contact.

I: Mm, through the auction mart?

R: Through the auction mart.

I: Yeah. But I wonder, at some point, it wasn’t part of the research I have done, but I have come across that, it was about the sheep sector especially, because that work of, it was like how much is the uptake of APB values in the three sectors, sheep, beef and dairy in the Scottish, in Scotland. And then it seems that pretty much very, very long uptake in sheep, medium uptake in beef, dairy higher, I think.

R: Yes.

I: And another that comes from that research it was like another outcome, it was like in sheep there is a kind of, they call it beauty parade pretty much.

R: Yes.

I: Yeah.

R: The shape of the horns.

I: Yeah. But this is, it seems that also the press kind of impact, the Farming Press…

R: Yeah, yeah.

I: …of these things. So I wonder, what we are talking here about changing the pretty much restructuring the supply chain, how much is that a barrier?

R: I think it probably is. I mean, people are very loyal to their, the breeds of sheep that they like. And, you know, I’m not a livestock expert, as I say, I’m a businessman, but I do see people buying sheep or breeding sheep for what I would consider the wrong reasons.

I: Yeah. What are usually the wrong reasons?

R: Appearance, you know, visual assessment. You know, they should be looking at the economic production from these animals rather than whether it’s a perfect example of the breed.

I: Which is, right now, they don’t have the chance do it? Do they have? So people they call for example to, either coming to you or coming to…

R: There must be records on the performance of breeding sheep.

I: Okay. But nobody uses them?

R: Well I wouldn’t say nobody uses them, but you know, these, you know, you read in the paper these huge prices for breeding sheep. You know, 150 thousand pounds for one ram, you know, is… Whether that is economically viable or not, I don’t know. And whether the importance of that individual being seen to buy these rams which establishes him as a major player in the industry.

I: In the local community.

R: Yes.

I: So it’s a kind of prestige?

R: Yeah.

I: Yeah.

R: I think so.

I: Yeah, but that’s, what you’re saying is very similar to what that project had found. And I’m wondering, obviously that is already established for years and they are kind of vesting interest, I don’t know, either from the individuals they get this kind of prestige, or the Breeding Associations or whatever, but the problem is, practically, they create a huge barrier of this kind of, either the volumes or the quality of the carcasses. Huge inefficiencies.

R: Yes, yeah, potentially yes.

I: Yeah, which is pretty much has very little to do with the subsidies we were discussing before. It’s something which is…

R: It’s a perception, you know. It’s just, yeah, yeah.

I: How do you think we can change the whole thing? I mean, the work you are doing with, for example, Marks and Spencer and when you produce the report and you come back, do you think when you go to those farmers they have that in their mind?

R: Well what we will be trying to do is, we will have at the end of the years we will have findings. We will have blueprints that say, if you want to go for this period for Marks and Spencer’s, that’s your instruction sheet. And then what we’ll be trying to do is, we’ll try and sell the benefits of that to our members to say, look, do you realise that if you changed your production system, you might be better off?

I: Mm, and then leave the choice to them, yeah.

R: You might be more resilient to this changes. You’re not dependent on getting your sheep away in this huge peak, and so on. So, what we will have is we will have a set of results and we will then communicate the benefit of that to our members.

I: Is there any other kind of similar type of work like the one you are doing with Marks and Spencer’s for beef?

R: I don’t think so, I don’t think so, no.

I: Okay. It’s a fairly, fairly new thing?

R: Well it all stems from my belief about, we need to sort out the supply chain and we need to bang heads together and get people to have an understanding that first and foremost, the supply chain has got to be profitable and then each link within it has got to be profitable. But the huge argument will be how you divide…

I: Yeah, the margins, yeah.

R: …the profit, yes.

I: And on that age, what do you think might be the solutions? I mean the type of, the work you are doing already has any ideas?

R: Well I hope so. I hope if we can get the message through to farmers that they need the supermarkets. Without the supermarket, you know, they don’t have a market. And they need to understand, but the supermarkets also need to understand that they need the producers. We just need to get more joined up thinking throughout the entire supply chain. And I believe that Farm Stock with its link with the producers and the processors is ideally placed to do that.

I: Yes, that’s true. Because also, it’s not only you have a good link, but it’s you have a comparative in principals in the heart of your business.

R: Yes. Correct.

I: Which makes a huge difference.

R: Correct, correct.

I: Because already in the minds of the farmers, you are more sympathetic like another…

R: Yes, we have no shareholders to answer to, other than our members.

I: Yeah, yeah. Which makes it different. Okay, very quickly I would like… So we discussed a bit about the, probably the market structures, the market [inaudible 1:43:05] how they can be better. What about the issues of capabilities in the food system? Do you think that in the whole supply chain, do you think that there’s enough, four types of capabilities. One is producing, processing and retailing, you know, like those core type of…

R: Uh-huh.

I: The other one is more like marketing certain, for [potential 1:43:28] markets and entrepreneurial networking or for certain, for new innovation.

R: Well the only person…

I: Just a second…

R: Sorry.

I: …before you go a little further. The other two types of categories is like whether they have managerial skills to operate their businesses and also whether they have collective management or leadership skills to work in more a kind of comparative type of schemes, which is obviously, you need different skills…

R: Uh-huh, uh-huh.

I: …to work with too many… I mean with many players rather than your own business. So these four big categories of skills, what do you think? If you can have it, so do you think there are enough of those skills in the supply chains?

R: No.

I: Where in the supply chains will have issues? Because I assume the first one pretty much, they might have that?

R: Yeah, I think in terms of production and processing, that works, other than the pressures that the supply and demand put on the chain. But marketing, the only person that does any marketing in the supply chain is the retailer.

I: Mm.

R: You know, they hold, they hold the key to marketing.

I: But, well that, is that true? Businesses like yours, it…

R: Well, sorry…

I: …are there any other businesses like yours?

R: That’s where they are at the moment. I mean the farmers are not doing any marketing. We’re trying to market produce. I was trying to market Shetland lamb to Marks and Spencer’s, unsuccessfully.

I: Yeah, ah, that’s 11 o’clock.

R: Oh right.

I: Yeah, they’re not …

R: And we need innovation, we need innovation within the livestock market.

I: But do you feel that there is enough of, how to say? Either two, or they pretty much…

R: I don’t think there is. I mean, one of the slides that the Chairman of beef and lamb in New Zealand talked about was agriculture looks in the rear view mirror all the time, you know.

I: Yeah.

R: You know, they’re always looking at what has been, not thinking about what could be.

I: Yeah.

R: So, he was very critical of farmers looking and saying, well, we tried that and it didn’t work. You know, that was ten years ago. You know, things have changed.

I: Those, the other thing is that the whole way that research has been in agricultural sector in New Zealand is a bit different from what is here. It’s really much closer to the industry and it looks at the industry needs…

R: Yeah, yeah.

I: …and delivers solutions directly to those.

R: Yeah, yes, yeah.

I: So…

R: That’s what we lack in the UK.

I: Yes. And that’s why I’m not 100 per cent if we can transfer that to, you know, the whole success of the New Zealand because they had that strong support from the research industry, they’ve had also strong support in terms of how they’re going to create markets.

R: We’ve reasonably strong support from the research industry, you know, the sort of research organisations, the disease research organisations, the Scottish Agricultural Colleges. So, there’s a reasonable resource there to help our producers, but they don’t seem to use it to the extent that I would like.

I: Mm, okay. And what about the other thing? For example, do you see the industry people they have that kind of leadership skills or collective management?

R: I’m not sure they do. I’m not sure they do.

I: I mean, how many other co-operative type of schemes like yours you have in the beef and the sheep industries?

R: One other in Scotland really.

I: Where is it?

R: Aberdeen and Northern Marts. It’s a live market.

I: And what is it called?

R: Aberdeen and Northern Marts.

I: Ah, that’s the name?

R: It’s a co-operative, yes.

I: Yeah, yeah, okay.

R: So, and nobody is trying to do what we’re trying to do. Nobody is trying to bang heads together in the supply chain and try to get people to understand that other bits of the chain have got to be sustainable.

I: Yeah, which means a huge gap.

R: Yeah.

I: Because if people didn’t sit down together to understand…

R: Correct.

I: …what is, why the other link behaves that way. Because obviously as you said, when you look at the farmers, they have some physical restrictions or if you look at the slaughter houses. For slaughter houses, what are the type of restrictions they face, that don’t allow them to manoeuvre a lot?

R: Well obviously the supply pattern.

I: Okay.

R: Legislation, as I understand it, is increasing on abattoirs, you know. Veterinary control and, you know, and so on. So all of these things are an influence. And then the retailers are imposing conditions on the abattoirs in terms of transport times, in terms of… Marks and Spencer’s for example, they will only take sheep from farms that have been inspected by the abattoir and passed certain tests. They’re called M&S Select farms.

I: Mm.

R: So all these things are influencing the, you know, the supply chain and the abattoirs.

I: Okay. So this need to add more certification, inspections.

R: Yeah, yeah.

I: It seems, yes we have for example QMS with the Scottish lamb or Scottish beef, but now it seems that that’s not that far…

R: But without that, you destroy the traceability and the provenance.

I: Yeah.

R: So it’s… It’s getting people to understand why…

I: We have those in place.

R: …this is necessary. Yes.

I: Yeah, yeah. But, I understand that but I wonder sometimes, if we do it, we pretty much rely too much in those kind of schemes. Because I’m getting a lot of messages like, it seems like a ticking box exercise…

R: Uh-huh, yeah.

I: …without really adding real value.

R: That’s probably true, yes.

I: And if you go back to farmers and they would like to sell not only to Marks and Spencer’s but they would like to, say to Tesco or, you know, to the other, they might have ended up with four different…

R: Correct, yes. Each has its own certification scheme. So yes, they could be a member of four different, Tesco Select, Marks and Spencer’s Select and so on.

I: It’s pretty much, it’s a huge burden in terms of time, in terms of cost of…

R: But there are umbrella schemes like Farm Assurance, you know. There’s a scheme in Scotland where, called Farm… You need to be an Assured Farm which means your farm has met certain standards.

I: And that’s from Quality Meat Scotland.

R: It’s from QMS, yes.

I: Yeah, yeah. But it’s different from the Scotbeef?

R: Yes, yes, yes, yeah.

I: Okay.

R: But Marks and Spencer’s require Farm Assurance, but they also require their own higher level of assurance as well.

I: Okay. So this kind of polarity of streams might create an added value of…

R: Yes.

I: …an added layer of barrier.

R: Barrier, yeah, yes.

I: Okay, so I wonder… So what, in what, what type of changes you believe that could add more value, more sufficiency and resiliency? We’ve talked a lot, but I wonder if there is anything else you think can pretty much, what we can change in order to incentivise the farmers or the, to add a bit?

R: One thing we’re studying in this Knowledge Transfer and Innovation Fund is we’re modelling different pricing packages.

I: Okay.

R: So, at the moment, the market is on a spot market. So, you have absolutely no idea what the price of sheep will be next March, but if we could come to some arrangement with an abattoir and say, next March, the price will be four pounds a kilo, you could then make a decision on whether you want to go for that or not.

I: The other thing, let me describe another thing, the example that I had in poultry, I think the Two Sisters, they used to do that. I don’t know if you have heard about the types of pricing, but it was… Because they had feed costs and the price volatility of the feed, it was very strange…

R: Yeah, yeah, yeah.

I: …agreed in very strange things. So at some point they said, there is the price which follows the market, but then you have a kind of…

R: Cost plus.

I: Exactly.

R: Uh-huh.

I: Which is pretty much, it was to cover the kind of volatility of the feed costs. So do you think, do you have that in, as a scenario? Or like a…

R: Well Tesco, I’m not sure how it works, Tesco have tried a cost plus scenario. But I don’t know, but no we’re not trying that. What we want to do is model prices that will change farmer behaviour.

I: Okay.

R: So what we want to try and do is saying, what would change your production from September to next February? And if we can say to you, look, you’ll get a pound a kilo more, you’ll get 20 pound a lamb more if you stop producing in September and produce in February, that allows you to then make a commercial decision on whether you want to do that or not.

I: That’s 100 per cent true, but I wonder if you go through the route of cost plus, you change the behaviour through the confidence the farmer is getting in order to invest.

R: The problem with cost plus is, where is the cost? You know, because my cost of producing a lamb might be very different from yours and the supermarkets, I don’t know quite how it works but the supermarkets, I think, have standards. So they might say, the cost of producing a lamb is 20 pounds, but your cost might be 15 and mine might be 25, so the cost plus model, I’m not sure if it applies, you know, if it works.

I: I think it will work, it can apply only if… For example, the poultry, how it was, it was quite integrated because…

R: It’s an integrated supply chain.

I: It’s very integrated.

R: Correct.

I: Yeah.

R: It works then.

I: It works then it that it was quite obvious because the feeding costs, it was a huge amount of their cost, so they knew right from the beginning we are talking about big per cents.

R: It can work in an integrated supply chain.

I: Yeah. But I assume the equivalent for the beef, especially for upland areas, you know that they have an extra kind of cost because either the distance or the…

R: Yes, yeah, or the feeding cost of the…

I: Yeah, the feeding cost, you know, things like that.

R: Yes, yes, yes.

I: No, I’m not suggesting, I’m just trying to understand. Are there kind of models of pricing, how they can change the behaviour?

R: Well my vision, my vision of the market is that what we should have is we should have a contract with each abattoir and we should have a price for each month. But they won’t do that because they are frightened that… Well, two reasons they won’t do it. If their contract price is higher than the spot price, they will lose money.

I: Yeah.

R: And if their contract price is lower than the market price, the farmer won’t supply. I mean, the grain industry in Scotland is, has a fantastic supply chain.

I: Okay.

R: But grain is much easier because you can dry it, you can store it, you can blend it, you can make it into a consistent product using good grain and bad grain and you blend it together and you get average grain.

I: And what type of, you know, in principal, what makes that grain supply chain much more effective?

R: People like Farm Stock doing that on behalf of farmers.

I: Okay, so they have pretty much comparative type of…?

R: Yeah. And the co-operation works much better in grain than it does in livestock.

I: But it’s because of the type of the product…

R: Correct.

I: …that allows the storage?

R: It’s a much easier product to manage and move and store and blend than livestock.

I: But still I understand behind the beef and sheep, okay, the number of different breeds and all the kind of cross and whatever, that creates, I understand that, yeah. That this is an element that adds too much variability.

R: Correct.

I: If we get that in some way in a logical way, we get that out of the equation.

R: Uh-huh, yeah.

I: Is there anything else which creates the same kind of hassle or disturbance?

R: Well the supply pattern, we need to change the supply pattern.

I: Okay, so that’s the other thing. Not only between those four or five months.

R: Correct. You know, we don’t need the supply pattern that does that.

I: And anything else? Like any kind of big block?

R: Meeting specification. At the moment, partly due to difference in breeds and so on and so forth, probably I’m guessing now, but probably only about 70 per cent of carcasses meet the specification required. Now that’s partly due to the fact that sheep cannot always go when they should go, because of this huge peak.

I: Yeah, yeah, yeah.

R: And they go, they move out of spec. They get too heavy, they get too fat. So, this supply, this huge peak in supply is one of the major problems that is affecting the industry.

I: Yeah. I don’t remember exactly how they phrase it, but it was from when I did an interview with a multiplier retailer and they were saying pretty much, the kind of specification system or the technology that supports that kind of specification, it’s really not working.

R: Correct. It’s old fashioned, it’s out of date, it’s visual, it’s not mechanical. It, and we see it enormously. We send the same sheep to different abattoirs and they grade differently.

I: Yeah, so that, so that’s another quite big block?

R: Yes, yes.

I: Because even if you sorted out together the same type of, magically the same type of animals, if the way they make the qualifications is different, then pretty much you lose the whole benefit. So…

R: But, but…

I: Is the, before we go further, is the technology cap, is it the kind of wrong type of specification’s cap? What is there behind that? You mentioned it’s visual, it could be recognised. So it’s the technology.

R: Yes.

I: We lack the technology.

R: It’s the technology, yeah.

I: But also, what about the type of specifications we are talking about? Because some, there was some kind of comment that we are looking at the, we don’t look at the taste so much, we should look more at…

R: Yeah, yeah.

I: …the taste. So it’s not only the technology is missing, but it’s also, we’re looking at the wrong type of…?

R: Potentially, potentially. But I’m a great believer in the customer decides what he wants. The market has to supply what the customer wants. So, it really is the customer that’s saying, the retailer, this is what we want. We want a carcass at 18 to 21 kilos. It needs to have so much fat cover. It needs to have this, it needs to have that. And the producer has got to be able to supply that.

I: But does the farmer really take that understanding and knowledge? The type of feedback. So it’s very clear to them that, look in the supermarkets you have that.

R: Correct.

I: Four, five things.

R: Yeah, yeah, yeah.

I: Does it take back this information? The farmer.

R: We give that information back to the farmer, yes.

I: But the farmers chose not to look at that?

R: Some of them will look at it and some we find that their proportion of sheep that they supply is very high, that meets specification. But, you see, that’s our role. Our job is to look at his sheep and put them to the right place…

I: Yeah.

R: …based on the type of sheep that they are. And if we, if we standardise the grading system and make it identical at every abattoir, we would lose our commercial advantage. Because we can then say, right, these sheep today are better going to that abattoir, and that wouldn’t happen in, if every abattoir measured them exactly the same.

I: So pretty much it doesn’t need the existence of your… I don’t believe 100 per cent on that, because yes, you give that kind of extra service to them, but at the same time you play a role of balancing the bargaining power. So still you have a role to play.

R: Yes, yes, yes, yes, yeah.

I: Probably they don’t understand, the farmers, they don’t really perceive that element if they perceive probably the other element that they manage to get, to sell my lamb, but it wasn’t exactly to their 100 specifications of one slaughter house to the other, and that’s great. I’m going again back to Scot Farm because of that. But this is not, I don’t think so that’s the only core thing you are adding.

R: No, definitely not, no.

I: And the farmers need to understand.

R: Yes, yeah.

I: Without your type of organisation, they’re pretty much, either the slaughter houses or, unless they might find other ways to squeeze their margins. Because another comment I got from slaughter houses, it was like, it’s really a pain to deal with the multiplier retailers because the first year they are 100 happy with the work you are doing…

R: Mm-hmm.

I: …and then the next year they said, wait, you’re delivering the same plus one or two more things, and you are getting pretty much nothing back for the extra things. So they find other way to squeeze the margins.

R: Yes, yeah, yeah.

I: So… Okay, I don’t want to keep you more.

R: I need to go, I’m afraid.

I: Yes, you need to go. But while you are closing your computer, is there anything else you didn’t have the chance to talk about, and you would like…?

R: No, I think…

I: We didn’t follow really the, you know, all the cards, but I thought it would be nice to cover the cards without seeing them.

R: Yeah.

I: Because the conversation we had…

R: That’s another document that might be of value to you.

I: Okay. Can I keep it, or can I, should I…?

R: No, again…

I: Don’t worry, don’t worry.

R: Again, you’ll get that online.

I: Yeah. Don’t worry. So anything you didn’t have the chance…?

R: That’s just some interesting facts about Farm Stock. This…

I: Can I have it?

R: Yes. This side is the, sorry that side is the dimensions of the business.

I: Okay.

R: So, I mean, we handle, we’ve handled 200 million pounds worth of business since we started and turnover and so on. And then that is really the benefits that individual farmers get of trading through, trading through Farm Stock.

I: So anything else you haven’t mentioned to me that you want to?

R I don’t think so. We’ve covered quite a lot of ground.

I: SAOS, SAOS, what type of support did you have?

R: We have a very good relationship with SAOS. They’re a very, a tremendous support organisation to the co-operative movement in Scotland in terms of training and in terms of…

I: Is there anything they can do to improve what they are offering to you?

R: Not immediately, no. I mean they’re a terrific resource for co-operatives should they wish to use their facilities.

I: Okay.

R: We use them a lot.

I: Okay. What about QMS? Any ways we can improve there? Just I had a comment very recently, it was like, there is Scotbeef and it has a very big name in, you know, in England or in other places, but still over the years it becomes a bit more average, so we might need something like Scotbeef Plus or something. Do you agree with that?

R: Sorry, I’m not absolutely sure the point you’re making there. You’re…

I: No, there was like some kind of comments that we have the Scotbeef certification…

R: Uh-huh.

I: …and, you know, the markets really appreciated the Scottish provenance, but over the years these, it has become more average rather than very premium brand.

R: Yeah, yes that would certainly be the case in sheep. Less so in cattle, I think.

I: Okay. And so there was a comment saying like we need to re-think and probably start introducing something, Scotbeef or Lamb Plus which is more like even premier because we lose the, you know, the marketing edge.

R: Yes, well if we could find something that would be attractive to the public, that would be great. But, I mean, our history is littered with schemes like that. Red Tractor schemes and so on and so forth. And they’re not marketed to the public, so the public doesn’t understand…

I: What it’s about.

R: Correct.

I: Yeah, but with Quality Meat it’s a bit different, isn’t it?

R: Sorry?

I: Quality Meat Scotland, they do a bit better, they said.

R: Yes, yes, yes.

I: I think the public might more recognise Scotbeef or Scotlamb stamp.

R: Yes. Well certainly they recognise… I mean, the classic is Aberdeen Angus, you know. It’s a very well recognised breed that the public recognise and that the retailers market. I mean, you know, my wife would go straight for Aberdeen Angus before anything else, so… If we could create that sort of same sort of attitude with other…

I: Provenance, yeah.

R: Yes.

I: Or other breeds or whatever. Okay. So thank you very much.

R: I hope that was helpful.

I: It was really, really helpful. Just feel free to send me anything else, those slides and the…

R: Okay, yeah will do.

I: And whatever you have.

R: Right. Sorry, I’ve got to dash, but…

I: No, no, no I’m really sorry, but…

R: It was good that we were able to hook up an hour earlier. Good, okay.

I: Bye.

R: Thanks.

I: Bye, thank you.

**End of transcript**