

GEORGE MORRIS CENTRE

# Learning From Others

## *Adding Value to Agriculture*


Agricultural Institute of Canada

*Innovation For Growth*

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Canadian Farm Business Management Council  
Conseil canadien de la gestion d'entreprise agricole



“Closely-aligned value chains are one of the most powerful competitive tools in today’s globalizing business economy”

*Van Roekel et al (1999)*



# However..

- Lots of talk about ‘value chains’
  - Though little clear understanding
  - Little knowledge about
- How they provide competitive advantage through capability to create, share and act upon unique knowledge
- Provide a ‘micro’ environment within which business takes place
- Differences between forming, strengthening and managing chains



# Particularly..

- Systems approach
  - Supported by subsystems
  - Rely on a series of critical success factors
- Not an end in themselves
  - Strategic tool
  - Suit premium and commodity products
- Enable
  - Businesses to adapt to market forces
  - Competitiveness across the industry





# Terms

- Value chain
- Value stream
- Supply chain
- Demand chain
- Chain reversal
- *Innovation chain*





# Value Chain Alliances

- Beyond base camp on understanding why aligning resources and operations of related businesses makes commercial sense
  - Intra (within a firm, between functions)
  - Inter (between firms)
- Agri-food industry 20-30 years behind industries who take approach for granted



# Objective

- Provide CD ROM / DVD toolkit producers can use to assess and improve their business
- Demystify and explain the concept of VCM, beginning with the ‘nuts & bolts’
- Highlight the commercial benefits producers have achieved through VCM approaches
- Highlight practical examples of successes achieved through applying VCM techniques – and HOW



# Why Learning From Others?

- Based on successful Australian initiative
- Encourage producers and agri-food to look ‘outside the box’ re opportunities to improve commercial competitiveness
- Historically, unbalanced emphasis placed on product (compared to process) innovation
  - 6% \$\$\$ significant innovation from science
  - 50%+ from company interaction
- VCM discussions often viewed as academic snobbery, too theoretical, with few examples



# Timeline & Overview

- 2003
  - Australia develop conceptual SCM model
- 2005
  - Support to develop international teaching and awareness tool for agri-food
- 2006
  - Theoretical framework
  - Case studies
  - Experts interviews
- 2007
  - Launch





**Value Chain Management**  
*Adding value to agriculture*



# Intended Result

- Awareness of VCM in order to:
  - Reduce fear and conjecture
  - Lessen resistance to ‘new’ approaches
- Understanding of VCM, inc.:
  - Encourage informed debate
  - Flow into policy discussions
- Capacity to act and implement VCM
  - Through sharing of lessons learnt
  - Through tacit, explicit, cultural knowledge



# Delivery Model

- Present theoretical framework of VCM
  - Value chains are a system
  - Sub-systems (HR, operations, etc.)
  - Emergent properties
    - ↑ competitiveness, sustainable advantage
- Practical examples of application
  - In Canada and internationally
  - Explanation of drivers, similarities, etc.
  - Celebrate success!!!



# Case Studies

- Raise awareness that Canadian agriculture is not unique
  - Faces the same problems as others
  - Success is based on same factors
  - Same tools can be applied
- Emphasize agriculture as a business
  - Effective management key to success
  - Shorter to the chain, the greater benefit
  - Need to understand customers to succeed



# Breadth of Case Studies

- Canada
  - Norfolk Fruit Growers / PridePak (apples)
  - Little Potato Company
  - Sask Prairie Berries
  - Thompsons (soybeans)
- New Zealand
  - Murrellen Pork
- Australia
  - Perfection Fresh (horticulture)
- UK
  - Warburtons
  - Livestock Marketing Limited
  - KG Fruits
- Netherlands



# Delivery

- Interactive project
  - Producers learn from ‘doing’
  - CFBMC workshops
  - FCC Agri-Success
- Peer presentations
  - Producers learn from peers
  - Non-confrontational
- Neutral approach
  - Non threatening
  - Engaging through different channels





# Justification

“If your firm is not involved in a value chain, it is essential that you develop a strategy that will allow you to compete successfully against those of your competitors who are”

*Tony Dunne (2003)*



# Thank you!!

- Agricultural Management Institute
- OMAFRA
- AAFC
- Canadian Farm Business Council
- Farm Credit Canada
- ACC Farmers Financial
- HUB International (Canada) Ltd
- Ontario Agricultural College





# GEORGE MORRIS CENTRE

*Working to develop a  
more competitive and prosperous  
Canadian agri-food sector.*

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