

A World of Productive Agri-Food Supply Chains

Study: "How to create cooperation within Agri-Food Supply Chains"

Motivation

As a Dutch farmer, food processor and fresh organic garlic supply chain initiator I strongly believe in chain collaboration. From the basis of collaboration I like to build well functioning food-supply-chains (FSC). But collaboration is not necessarily evident. The 'modus operandi' of most businesses is merely focussed on company's own interests. Initiating and enlarging new initiatives within food chains therefor turns out to be very difficult. It is my personal experience that not all chain actors see added value in collaboration more than solely on the transactional part. They preferably like to protect own interests without getting enthusiastic for new sorts of collaboration. It is therefor for me a challenge how to deal with these difficulties and how to change this attitude. Hence the reason why I decided to look for a deeper cause in the lack of supply chain cooperation by answering the question: "How to create cooperation within Agri-Food Supply Chains".

The concept of supply chain cooperation

Supply chain cooperation is about organisations and businesses working together. It is more than only a commercial relationship between these businesses. In literature cooperation is recognised in several ways. For example, the roll of suppliers and buyers is no longer limited to a transfer of ownership of products. Or, it is away from spot market transactions towards more relationship based exchange of goods. Cooperation exists, in my opinion, if businesses recognise that only doing on a daily basis business does not solve problems to reach certain higher goals. E.g., to solve certain quality issues in the organic onion chain it is needed to have all chain actors on board in order to solve problems and to deliver the consumer the right quality product. To some extent do the before mentioned views on collaboration have in common that one can speak of supply chain cooperation if businesses work together to reach at a certain point new or other levels of supply chain transactions. For instance, this can occur if certain barriers are tackled in a joint approach in order to get a new product into the supermarket shelf. There seems to be a need for a common goal in order to reach better cooperation and as a result improved supply chain productivity. But what exactly is needed to reach a point of improved productivity within the food chain?

Practical views from abroad

Japan is a country where relationships before one starts doing business is considered as crucial and in my opinion considered as more important than for Dutch businesses. But how to build these relationships? During my travel trough the country I learned insightful lessons. It became soon clear that (1) *trust is crucial for building relationships* with supply chain partners as well as with consumers. One farmer created consumers' trust by sitting next to the restaurants chef while telling the guests about his garlic production. Food gives connection, and what can you do better as a farmer than telling stories while eating? After the dinner guests received website information about the garlic which they could order directly from the farmer. Due to the great connection guests very often started ordering. Another farmer with a well running e-commerce business in garlic pointed clearly that (2) *you have to build and feed the relation with every customer*. Create therefor an essential 'connection'. The latter is also what a German chain partner defined as successful supply chain cooperation. It is successful when you are able to create a connection between the farmer and end-consumer –while keeping in mind the long chains in which we sometimes operate before the product reaches the consumer. This became also clear when one farmer said: the popcorn that we produce is just popcorn. There should be more between us and the consumer if one wants to create repeating purchases. Another farmer added to this: sell yourself and your story. You have to be liked by the consumer. On the other side of the perspective I talked with a farmer that was offering his produce via the large JA cooperative. A giant agricultural cooperative with tentacles everywhere within the supply chain. From banks to supplying consumers with agricultural goods, to supplying the members with materials needed for production. The farmer complained that everyone was sitting on his own rock whereby a common goal was

lacking to make the chain work properly. It became clear that there was a great distance between the different parties, followed by mistrust. On the contrary I was meeting with a fast growing young farmers cooperative that was initiated by the shared using of machineries. This soon was extended by bringing together a farmers food mix, which was offered per box towards the consumers directly, as well as via the supermarket. Supermarket managers were invited for a day in the field by the young farmers under the title: "sweating together". This was all organized in order to create shared insights and great connection. To keep the same basis of cooperation within the cooperative potential new farmer members need to show in one full trial year to have "a heart for cooperation" before they may enter the group as an official member. It gave me the insight of how powerful it is to have a shared and/or (3) *open and common agenda* as the opposite to hidden and closed, which I felt more present in the large JA cooperative.

Trust

The central issue in order to build food supply chains is trust. During my travels, the books that I read and the research that I conducted I learned insightful lessons on the issue of collaboration and trust. Consequently I formulated three suggestions, which can be seen as economical drivers, to put into practise in order to build trust: (1) *Create transparency*. What you see is what you get. Don't have hidden agendas. Tell the truth in a way people can verify, tell your struggles and your strengths. Be transparent about what you're trying to accomplish. (2) *Get better*. Add value or work on adding value that customers need. There are not many things as inspiring and creating loyalty as getting an explanation and physical few of the path one takes to achieve customers needs. (3) *Deliver results*. Tell what you do, and do what you tell. I do not think that you can have a full trusting relationship before you are delivering 24/7 what is told. Deliver what's told repeatedly. Further, if one wants to build trust, one really needs to know what "results" mean to other supply chain actors. When this is not clear to soon the one and the other work past each other without adressing the central issue that needs to be adressed in order to build trust.

Supply chain cooperation can succeed when trust is build. Creating transparency, having a drive for improvement and being trustworthy is essential to work on the corner stones and foundation of cooperation. Personally I believe these steps make a positive difference while initiating or maintaining cooperation. These suggestions can also be seen as economical drivers. This should not be taken lightly. Cooperation can succeed, but earned positions within the chain are never fixed. Interchangeability is toxic, mutual dependency is key. One should always strive for the latter. It is therefor needed to have a critical focus on the real value that is added by a business.