

Heracle-Elcom Consults Authority

Cereals Industry Forum HGCA

## Supply Chain Challenges

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Cereals Industry Forum Partners  
- bringing together the supply chain

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Overview of CIF Projects  
- defra/dti funded research to help the chain

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**TO BENEFIT THE WHOLE CHAIN**

- 48 Promoting Business Excellence (ProBE)
- 8 Value Chain Analysis (VCA)
- 12 Masterclasses

**TO BENEFIT GROWERS**

- CropBench
- Risk Management

**ALL PROJECTS WORKED IN PARALLEL TO HELP THE UK CEREALS INDUSTRY AS A WHOLE BECOME MORE EFFICIENT AND COMPETITIVE**

Value Chain Analysis  
- Typically, adding value is a minority sport

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Category	Percentage
Non-value adding	95%
Value adding	5%

Traditionally, focus is on improving 5%  
Lean focuses on eliminating the 95%

Main Grain Industry Issues to Tackle  
- as identified by the research

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1. Cost and price
2. Communication and collaboration
3. Duplicate materials testing
4. New Product Development
5. Transport

Cost and Price Management  
- key focus for efficiency

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**Benchmarking:** need to continue offering benchmarking tools

Closer collaboration **horizontally** across the chain

Closer collaboration **vertically** to identify and exploit new opportunities

Cost reductions in other areas (i.e. haulage and quality)

**Communication & Collaboration**  
- a more modern approach



- Greater levels of trust & stronger relationships are needed
- Lack of integration in the primary supply chain inhibits effective communication channels
- Growers are isolated from consumers, we need closer collaboration across the chain
- We need to standardise methods of communication.....
- .....and improve visibility of information
- Growers need to be more aware of variety needs and testing arrangements

**Duplicate Materials Testing**  
- each lot gets up to four overlapping tests!



- Remove multiple sampling and testing along the chain
- Consider central labs: independent sampling services that can reduce multiple sampling
- Vendor assured deliveries
- Develop process for rejected loads

**New Product Development**  
- accommodating changes in food trends



- One of the weakest areas in the overall cereals & oilseeds sector
- Increase focus on processes for developing new products and services
- Reduce process cycle times
- Increase rate of innovation

**Transport**  
- the cost that everybody pays!



- Transport is a significant cost in the production of cereal related goods
- Reduce empty miles/backhauling
- Improve testing times and standardise testing methods
- Eliminating double handling
- Reduce wasted time during loading and tipping

**The Haulier's Perspective**  
- a lonely voice in the chain



Study\* undertaken by Weinan Li of **Cranfield Business School** in 2006

Objectives:

- Analyse & evaluate current practices in cereal transport
- Identify areas for improvement & give recommendations

\*A study into the attractiveness of cereal transportation in the UK cereal supply chain, MSc Thesis, CBS

**Information Flow in the Delivery Chain**  
- is often unstructured and informal

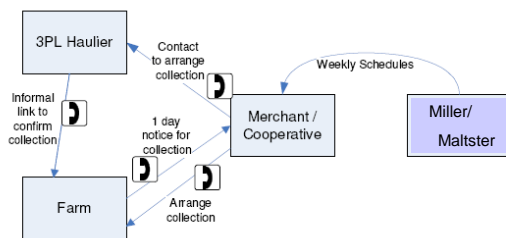
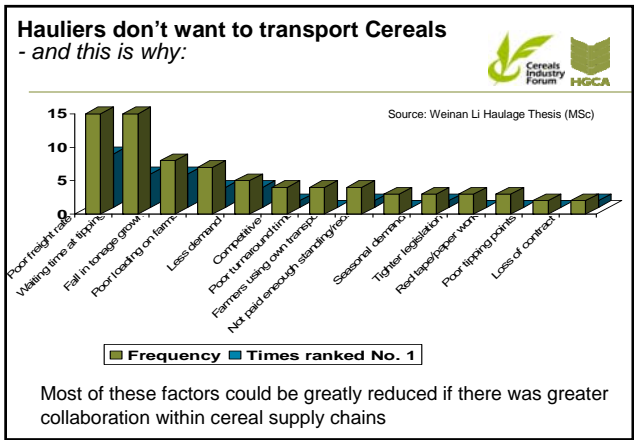


Figure 2.6: Information flow in the cereal chain  
Source: Weinan Li Haulage Thesis (MSc)



### Cranfield Solution 1: Improved Tipping Facilities

- Rapid tipping facilities increase efficiency by reducing both tipping time and waiting time – lowers costs
- Use of timeslots could be helpful, however timeslots would need a degree of flexibility as external factors (e.g. traffic, hold up at a previous tipping site) influence hauliers' timekeeping abilities

### Cranfield Solution 2: Improved Communication

- Everyone in the chain should take responsibility for ensuring communication is effective
- Standardised and agreed communication methods useful
- Increased 'visual management' critical to enhancing staff understanding and compliance with expected standards and procedures

### Cranfield Solution 3: More Efficient Ordering Pattern

- Fluctuation in demand for cereal haulage is a problem
- Demand becomes variable as orders are sent upstream to farms
- Use of forecasting must be optimised
- Orders sent upstream would become more stable so hauliers can plan better

### Cranfield's Conclusion

*"...improving the efficiency in cereal transportation is a complex task to accomplish and requires investment and close co-operation between the players."* Weinan Li

All these issues need to be addressed by all parts of the chain

So HGCA has already been developing activity to focus on the key areas

### Current HGCA activity -working right along the chain

<b>Cost &amp; Price</b>	HGCA Business Mgt –, CropBench, Price Risk Mgt, Farm Income Monitor, Market Reports
<b>Communication &amp; Collaboration</b>	Marketing initiatives – AUKM, FHB, ukp uks Interactive cereals map Conferences, workshops, topic breakfasts
<b>Duplicate Materials Testing</b>	Grain Sampling & Analysis Projects
<b>New Product Development</b>	HGCA Enterprise Awards, dunnhumby Academy of Consumer Research
<b>Transport</b>	Haulage survey Further research – the haulier's view

**HGCA's Supply Chain Partnership**  
*- providing examples of best practice*



- Campaign designed to involve all parts of the supply chain
- Website with interactive features
- Case studies of best practice
- Newsletters
- Media coverage
- Workshops and seminars
- Links to all aspects of HGCA work



**HGCA's Supply Chain Partnership**  
*- a new communications programme*



Will take the five key themes from the CIF and promote action in each area during the next nine months:

- |                   |                                 |
|-------------------|---------------------------------|
| October           | - Launch                        |
| November/December | - Cost & Price                  |
| January/February  | - Communication & Collaboration |
| March             | - Duplicate Materials Testing   |
| April/May         | - New Product Development       |
| June              | - Transport                     |

[www.hgca.com/supplychain](http://www.hgca.com/supplychain)



**Conclusion**  
*- there is still work to do*



- All sections of the cereal supply chain must continue to work together to improve efficiency and competitiveness
- The issues still need to be addressed
- HGCA's Supply Chain Partnership provides ideas and examples of best practice
- Remember – we are all on the same side

**Thank you**

