



# Cornerstone of Industry Competitiveness

## *Innovative Value Chains*

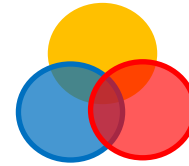
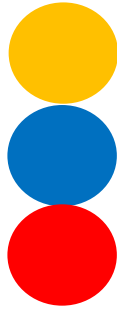
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# Value Chain Characteristics



Fragmented

Cooperative

Coordinated

Collaborative



LOW

Strategic Alignment

Operational Alignment

Potential Benefits

Potential Risks

HIGH

# Common Determining Factors

## *Cooperative and Collaborative chains*

- Have a strong recognized leader and lieutenants
  - » Primarily respected for their capabilities and ethics, not for their rank in the organization(s)
- Serve clearly defined markets and segments
  - » Invested in identifying what they perceive as value
- Ability to learn determines level of sustainability
  - » Collaborative chains possess unique ability to adapt
- More collaborative the value chain's structure
  - » Less influence external factors have on performance

# Common Determining Factors *of sustainable value chains*

- Strong clearly-defined governance structures
  - » Limits existence of free-loading, and consequences
- Focus on managing determinants of quality
  - » Purposely do not focus on managing outcomes that are symptoms of an often dysfunctional system
- View premiums as a bonus that must be earned
  - » Primary efforts focused on reducing costs, accessing markets, creating ability and motivation to adapt
- Develop increasingly sophisticated capabilities
  - » Focus on learning, understanding, problem solving

# Little Potato Company



- 1996: Jacob van der Schaaf
  - » Desire to replicate potatoes consumed in Europe
- Success enabled by 3 complementary factors
  - » Consumer focus, product differentiation, share \$\$\$\$
- Choose varieties in consultation with partners
  - » Functionality, taste, agronomics, visual appeal
- Proprietary genetics are tools, rely on how used
  - » Root cause, continual monitoring and improvement
- Knowledge, skills, technology and infrastructure
  - » Ability to guarantee consistent quality and supply

# PridePak



- Established in 1984
  - » Largest produce supplier to McDonald's Canada
- Focus on quality and service, not selling
  - » Greater ability to invest resources to achieve ROI
- Deliver by partnering with proven businesses
  - » Dependable, innovative, solutions, knowledgeable
- Partners' performance measured objectively
  - » Focused on minimizing unexpected challenges
- Anyone in the chain can communicate to learn
  - » Only distinct people make management decisions

# Blade Farming (Beef)



- 2001: in response to challenge by McDonald's
  - » Grown to become UK's largest beef initiative
- Clearly defined and enforced protocols / KPIs
  - » Developed in conjunction with strategic partners
- Incentivize performance by providing farmers with price commitment, forward contracts
  - » Finished animal essentially sold before conceived
- Take ownership of animal twice along chain
  - » Ability to exert greater governance over operations
- Support through financing and technology

# What Innovative Chains Are Not!!





**Thank you!**



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