

SUPPLYLINE



NEWS FROM MG MARKETING

GROWER PROFILE. A LIFE LESS ORDINARY

The Government hype around an immigration drive in the late ‘90s to fill a New Zealand skill shortage was the impetus behind the Shih family choosing to up-sticks from their native country of Taiwan to lay new roots in New Zealand - leaving behind successful careers, friends and family.



Albert Shih and Scott Mason

Sixteen years on, drawing on the family’s agricultural roots in rural Taiwan and the guidance of horticultural consultant, John Thompson, Vege Fresh Growers Ltd is a sophisticated glasshouse growing operation based in Canterbury. The influence of engineering and mechanical expertise, coupled with an earlier adopter mentality and sheer hard work has been evident in the business from day one.

Humphrey Shih has recently taken a step back and son, Albert, has taken over the reins.

It would seem that the same ingenuity that defines his parents, also defines the young man charged with the responsibility of taking the family business to the next level. At just 29 years of age and with a Bachelor’s degree in Mechanical Engineering and a Graduate Diploma in Science (IT) from the University of Canterbury, and a Master’s in Project Management from the University of Sydney Australia, Albert is focussed on applying his education to make the business smarter, more efficient, and nothing short of leading edge.

The Vege Fresh operation is 100% glasshouse tomatoes split over two properties - 1ha of glasshouses on the home property at West Melton and a further 1.2ha of glasshouses on

a recently acquired property in Springston. Annual production sits at around 850 tonne of tomatoes, across 5 varieties. One hundred per cent of the produce is supplied to MG primarily through its Christchurch branch, and occasionally through the Wellington and Palmerston North branches.

Growing glasshouse tomatoes is a highly intensive operation – both in terms of labour and infrastructure but to say that Vege Fresh runs like a well-oiled machine would be something of an understatement. At the peak of summer, it employs up to 40 staff reducing to 16 staff over the winter months. Environmental controls are finely tuned to function at optimum levels, 24/7, 365 days of the year and a mechanic and electrician are permanently on standby.

“I’m always looking to make things more efficient”, says Albert. Springston is still new and so there’s still work to be done on the small things like installing thermal screens which can save up to 25% of the annual energy cost.”

Aside from the everyday adjustments, Albert is also looking to expand the Springston operation but like many growers, he walks a fine line balancing his expansion plans with available capital.

“The cost of production just keeps going up – especially compliance and labour costs. Expansion for us is a large project requiring a big capital injection. But if you don’t continue to invest others catch up and eventually you’ll get left behind”, says Albert.

Being at the beginning of the supply chain is arguably the most difficult place to be, however, Albert is resolute in his view that long term success is principally about zigging when others are zagging and looking to best practice from further afield in order to innovate.

“We were the second tomato grower in New Zealand to introduce the hang-gutter system of growing and now it’s standard. I’m constantly looking to Europe for inspiration and new ways of doing things.”

But it’s not just in the glasshouses that innovative thinking has made a significant difference to the overall success of the business. With the help of MG, Albert has added the power of branding to his armoury which has allowed for a different variety of tomato – lower in yield but superior in taste and quality characteristics - to be grown and packaged under the Vege Fresh brand and sold for a premium.

“The Vege Fresh brand in stores has been really big for us. As a whole, the category has reached saturation point and tomato prices have stayed relatively steady for some time but branding has given us a way to differentiate ourselves.”

“You simply can’t be looking inward all of the time. And there are industry-wide challenges that we need to find a way of overcoming as a sector. Labour cost and renewable energy solutions are two of the big ones. Labour can only be solved through a change in Government policy or through automation – preferably both ... and energy ... well, we have to get away from coal and natural gas and look for solutions that are environmentally sustainable.”

It will be no surprise that Albert was recently appointed to the Board of TomatoesNZ. And there is no doubt that he’s set to follow in his parents’ footsteps to be at the leading edge of change.



850 tonne tomatoes per annum

HEALTH & SAFETY. MAKING HEALTH & SAFETY DOABLE

Focusing on operations and not paperwork makes Health and Safety doable and eventually intuitive.

Health&Safety series with Al McCone, Agriculture Engagement Lead with WorkSafe New Zealand.

From keeping your workers safe, to ensuring your produce gets from the gate to the marketplace untainted, it's essential to be prepared and to know what your health and safety protocols are. Not being health and safety conscious can have a significant impact on the long-term sustainability of your business.

Yet for many, health and safety is not at the forefront of their mind – rather it defaults to that basket of paperwork that we'll 'get around to'.

WorkSafe's Al McCone, argues all that's required is a simple shift in mind-set to break the cycle of unnecessary workplace injury and health-related issues. That mind-set shift is from seeing health and safety as something you have to do because the law says so to seeing health and safety as protecting your business viability.

"Rather than worry about the paperwork, start putting the focus on the people within the operation and think about the potential risks that they are exposed to as they carry out their day-to-day activities as human beings. Ask yourself, if they aren't there, or you aren't there, how well is the business going to run?"

"If you accept that health and safety is about people then you have to accept that it's also about human error and finding ways to help mitigate the fallout when people make mistakes ... and they all will (make mistakes) at some stage".

"In New Zealand our attitude toward health and safety is about being perfect. That's simply a nonsense", adds McCone.

McCone advises focus on building a health and safety culture based on a task-focussed approach to health and safety.

"Ask yourself what the key 'harm risks' are in your business – such as vehicles, machinery and chemicals – and work back from there to identify practical ways of mitigating these risks within the day to day tasks."

"Think systematically about each – it's purpose, how it should be used and then the impacts if it's not used properly first. Then apply that understanding to the tasks you and your people perform using one or other ... you'll quickly identify what needs to change or what protections need to be put in place around their usage to eliminate or minimise their potential risk."

The best health and safety plans will come about when they are people-centric, and developed in consultation with your people. Doing so makes everyone responsible and vigilant. The more familiar your staff are with the risks, the more responsible they can be. Moreover, their knowledge of the day-to-day operations will impact the quality of the thinking around mitigation.

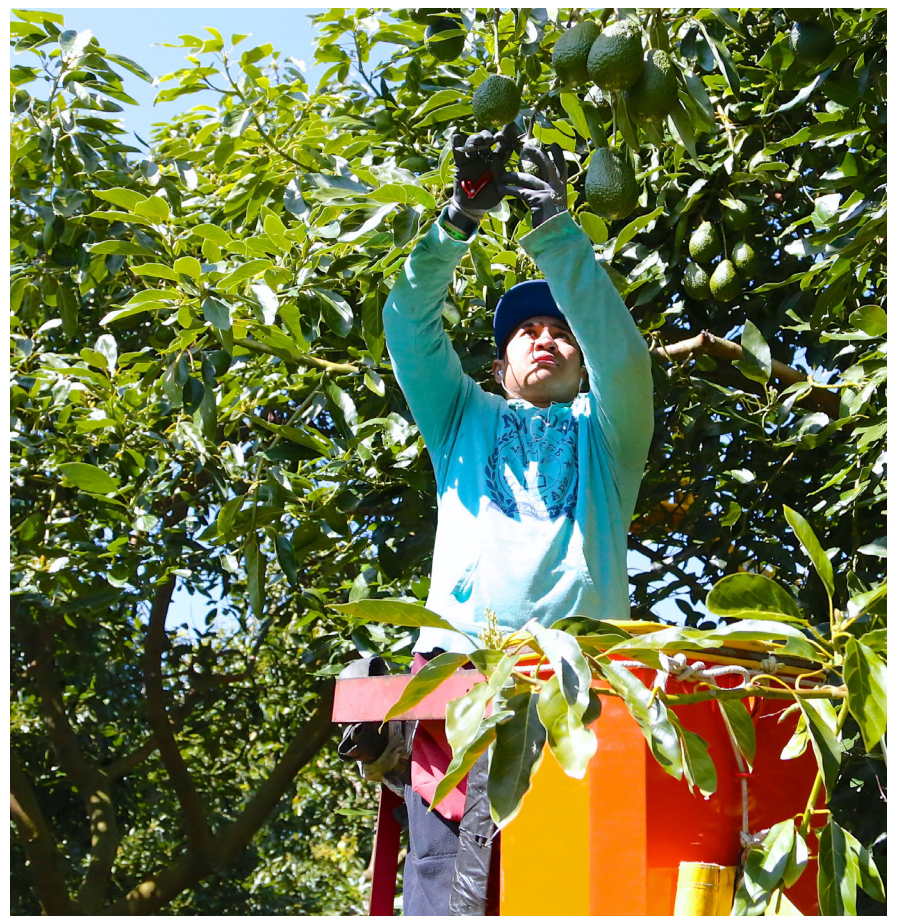
Before long health and safety will be intuitive to your business and everyone in it.

From a legal perspective, McCone advises the key thing is to be able to show that you're aware of the risks and have taken steps to manage them, including staff training and appropriate supervision, and ensuring staff have the appropriate safety gear available to them. Have procedures for dealing with workplace emergencies and keep a record of notifiable events.

The Horticulture New Zealand website, in conjunction with Worksafe NZ, also contains helpful tools and tips to help you plan, implement and maintain your health and safety plan, with specific insight into the responsibilities and obligations you have as an owner or operator of a horticultural business.

But as a simple rule of thumb, think people, not paper; anticipate then mitigate; communicate and keep communicating.

For more information visit www.hortnz.co.nz and the grower support section, or www.worksafe.govt.nz.



INDUSTRY. GROWING YOU WORKSHOP

In early May MG Marketing held their annual Growing You Workshop for Summerfruit Growers in Napier. Being a very specific workshop this was well received by all attendees who found it a very rewarding two days.

For some time now, investment in our people, growers, and community has been part of MG's strategic fabric, with a number of unique initiatives being developed as a result. The Grower Development Workshop Programme is an example of how we can advance our growers' industry knowledge and skills.

Key topics presented were; sustainable growing methods, food safety, consumer & retailer trends, and safer workplace practices. Collaborating with industry specialists and qualified experts, provided our growers with the tools to benefit their own businesses and operations.



STAFF PROFILE. DAVID SPEDDING MG MARKETING REPRESENTATIVE, HAMILTON

David Spedding has some very firm views around what he sets out to achieve on a daily basis for the numerous retail clients he supports from MG's Hamilton branch. He is currently responsible for sales of citrus, summerfruit, melons, kumara and subtropicals.

"It's in the retailer's best interest to secure the best quality product they can at the best possible price ... but that's a delicate juggle if we're to also support the best interests of our grower base", states David.

Over the 33 years that he's been in this business, he'd argue that the biggest impact on maintaining some kind of equity between grower returns and retailer profit has been the move from the auction floor to the trading model.

"It's allowed us to plan and work together with growers and retailers, alike, to even out the ebbs and flows of supply and demand. But that's meant change for them, too. Growers have had to look after their produce better, explore ways of pushing out growing seasons – including trialling new varieties – to meet the consumer expectation that seasons simply never end."

"The switch away from the auction system has also given rise to the concept of distribution centres and this has certainly brought some efficiencies to the business, and I

think everyone wins from that. But you do need to understand the nuances of how they work and adjust your approach accordingly."

David's understanding of the dynamics of the modern business is difficult to surpass. During his career he's explored numerous roles within the sector, including spear-heading the set-up of Fresh Direct and a stint as a Sole Trader. His tenure with MG spans more than 16 years and the insight he applies to his daily role is valued not only by his customers but by his peers.

That said, he remains incredibly single-minded about the game he's in.

"I pretty much started out as an auctioneer and now I'm a negotiator so not too much has changed, I guess. It's always been cut and thrust trying to secure produce to sell and then trying to secure a buyer and I can't see that ever changing ... we just need to be constantly refining our skills, working together and not in silos, to keep on top of the game for the benefit of all."



David Spedding

STAFF PROFILE. GRANT CADDIGAN MG MARKETING REPRESENTATIVE, HAMILTON

Every day is a bit like a box of chocolates to Grant Caddigan – he never knows exactly how it will start or how it will end or what could happen in between.



Grant Caddigan

And with 27 years in the industry, he's probably well-qualified to make that observation! Hamilton-based Caddigan is responsible for marketing produce within the greens category to MG's retail customers across the Waikato – a role he's been in since 2006, yet no day has ever been the same.

"Horticulture is a dynamic industry and one that you'd be mistaken to think was predictable in any shape or form. The only constant in this game really is change", reflects Grant.

"We might be selling the same fruit and vegetables every week but that's about where what we know for sure starts and finishes."

"The environment in which you're selling can change by the hour ... the quirks of weather patterns and consumer likes, and dislikes can throw the best intended plans out the window. You always need a plan B and C so that your customers are not left disadvantaged in the marketplace."

"At the end of the day, my job is to navigate the fine line between supply and demand."

And the secret to cracking that Grant puts down to flexibility and having strong relationships on both sides of the grower-retailer equation which allow you to ride out the waves that regularly hit an industry that is so vulnerable to outside forces.

With meat consumption slowly on the decline, Grant is positive about the future of the fruit and vege sector.

"Horticulture is set to go from strength to strength as consumers look to healthier diets and more environmentally friendly food options. We just need to make sure that, collectively, we can anticipate where consumers are taking their lead, and then factor that in to our planning."

GROWER DELIVERY ADVICE – CREATING EFFICIENCIES

More and more of our growers are integrating the Grower Delivery Advice (GDA) into their administration systems. Most have been quick to notice the improved efficiencies and accuracy of reporting and reconciliation of produce, crates and pallets that leave the pack-house with receipted produce and funds received.

Not only does GDA allow for inter-change of information between growers and MG, it also offers greater efficiencies to the sales process, allowing the marketing representatives to sell produce in advance of physical receipt; ensuring produce is delivered to retail at optimum freshness, and the potential for produce to hang around on the market floor avoided.



If you'd like to discuss how GDA can add value to your operation, please contact **Ian Reisima**
021 749 644

BOARD INTERN PROFILE. TRUDI WEBB

A Board internship is no easy gig – it’s very much like being the new kid at school.



It’s a balancing act of watching and learning and then judging the right time to pop your head above the parapet to be noticed. And that’s precisely what MG intended when they introduced the Director Internship as part of the Growing You programme three years ago.

As her 18-month stint as intern director on the Board of MG Marketing draws to a close, Trudi Webb describes this experience as having been nothing short of ‘inspiring’ and one which has well-prepared her for taking the next step into the world of governance.

“I’ve been exposed to so many things throughout my internship,

from the nuances of the company, the transitioning of a Chair, the induction of new Board members from very different backgrounds, the lateral thinking and robust debate that goes on behind closed doors that result in new strategic initiatives, and the heart-felt commitment to MG from each and every person who sits around that Board table.”

“To not only witness, but to participate, in all of this has been phenomenal. I find myself coming home from a Board meeting with my thinking challenged and looking for ways to apply big business thinking to our small family business.”

Trudi recounts that she had one burning question when she first sat around the Board table, and that was simply “how come you guys are doing so well?” Eighteen months down the track she feels confident in answering that question on the Board’s behalf.

“MG’s business looked relatively simple from the outside but it’s actually a complex and dynamic organisation that is geared not just for the present but for the future - identifying and acting on opportunities that have the potential to take the business, along with its grower shareholders, to the next level.”

“There’s certainly no inkling of complacency and I think all growers should be reassured by that,” says Trudi.

For her part, Trudi acknowledges the affect of the internship on

her own personal growth in confidence to contribute and on her appreciation of the importance of diversity to robust decision-making. Equally, she appreciates the need to find the middle ground in order to constructively move forward.

“There’s real strength in being able to do that,” reflects Trudi, “As is there in knowing how to ask the right question to ensure the right debate is had ... that in itself has been a real learning curve!”

Trudi’s tenure as intern director ends in June of this year and the opportunity will fall open to someone else. From here, she intends to look around for the right governance opportunity for which she’ll throw her hat in the ring.

From 2020, the internship will go under the name of Associate Director but the objective remains the same - to develop MG’s shareholders and potential future MG Board members. Whilst the Associate Director fully participates in discussions and other Board matters, they do not have voting rights and, as such, do not assume the full obligations and responsibilities of an actual director. The 12-month position is open to all shareholders, their families and related parties who aspire to director-level roles (conditions apply).

MG Associate Director Opportunity

Applications for the position of Associate Directorship close 5pm, Friday 6 September 2019. For more information, please contact the Company Secretary, **Duncan Pryor**, on **dpryor@mgmarketing.co.nz** or **03 343 1794**. Further details can be found on MG’s website **mgmarketing.co.nz**

STANDPOINT.

‘Ensuring long-term sustainability’ – a common place phrase these days within most businesses. What’s not quite so common place is an aligned perspective on how to achieve and maintain a future-proof operation. I think this is particularly true of the horticultural industry.



In my view, business sustainability is quite possibly more about our preparedness to invest in the business than any other factor. Yet, as the cost of labour continues to move upwards, regulatory controls tighten by the day and associated compliance costs balloon out of control, it’s easy to see why we have an industry that is quick to revert to cost saving behaviours over investment.

When costs go up, the first reaction has traditionally been to cut back and sit tight until things come right. However, we’re growing and selling in an environment that is as dynamic as it’s ever been and evolving at a rate of knots. To keep up, and to remain competitive, we need to be constantly investing in, technology, information systems, people and in understanding the often complex and fickle world of the consumer.

Investment in technology allows for improved efficiencies. Investment in information systems allows for better and more usable data which not only results in greater efficiencies but better use of resources. It also enables information flow and sharing of information critical to long-term decision-making, the development of new business strategies and collaborative solutions to challenges and roadblocks.

Understanding the ultimate end user of our efforts has never been more important than it is today. Consumer behaviour is not an art, it’s a science, so insights into consumer expectations around taste and quality are vital inputs to inform the types of products grown, where and how they’re best marketed, where IP development is best focussed – or not. Too often, we believe we can second-guess the consumer when a little investment in hearing it from the horse’s mouth can pay huge dividends.

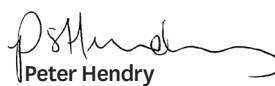
We all have a responsibility to continue to educate ourselves. Failure to do so is failure to take responsibility for the

long-term sustainability of our business. Education is empowering. It opens up perspectives not previously available to us and most importantly, it creates conversation and healthy debate, challenges the status quo and provides an incubator for new ways of thinking to emerge.

We’re operating in a time where the horticulture sector is on the cusp of being the new darling of the primary industry. Consumers are very conscious of the importance of eating a healthy diet, as much as they are of the greatly reduced environmental impact of plant-based food.

More and more, we need to be investing in tools that allow for greater insight, information sharing, and an approach to decision-making that will see our industry go from strength to strength.

The world is our oyster, but to get to the pearl inside we must continue to invest and to invest wisely.


Peter Hendry
CEO