

STANDPOINT by Peter Hendry

Valuable lessons in planning for growers



Winston Churchill, who famously stated in World War Two *"He who fails to plan, is planning to fail"*, could easily have been referring to the fresh produce industry.

As we know, our industry's achilles's heel of oversupply has too often eroded prices and margins for growers of seasonal vegetables and fruit, often despite best efforts to combat the problem.

In the current season, however, MG has achieved some notable success in developing and running grower programmes aimed at reducing oversupply and adding value to sales.

The key ingredient to these programmes has been the ability to put plans in place before the season and stick to those plans through the ensuing months of trading.

Recognising the danger of failing to plan, MG's procurement team last year developed comprehensive programmes for specific summer fruit and vegetable lines.

Team members worked closely with retailers and participating growers to plan for

production levels, packaging methods, marketing activities and consumer promotions, all of which were locked into the overall programme.

Even before the close of this summer, returns on sales have delivered substantial improvements over the previous season, a very pleasing result for everyone involved and especially for the growers who participated.

In one major summer category, MG suppliers around the country adopted the programme designed for their product and had significant success in lifting both volumes and values for the entire category. This result is an excellent example of growers working closely with MG to influence supply, delivery and presentation, while reducing wastage and surpluses to a bare minimum.

It also demonstrates what can be achieved when growers adhere collectively to a category-specific programme, with a common purpose and the support of wholesale and retail partners. MG's goal is to extend the reach of similar programmes into other vegetable lines that are prone to oversupply problems.

Now is a good time for growers to talk with MG procurement staff about forward planning, notwithstanding what has been a good season for most produce categories. Prices have been above average, demand has been strong and quality has been high, but we cannot sit back and expect every year to be as good as this.

All the more reason to take Churchill's advice and prepare to plan for success.

In this issue of Supplyline we profile two growers who show some of the best qualities of planning as the basis for their business results, one in the North Island and one in the South Island.

We also take a look at two of MG's divisional operations in brand marketing and a recent addition to our grower services in MG Direct. It remains for me to wish readers a successful conclusion to the summer season and I hope you enjoy the contents of this edition.

'MG Direct' establishes direct sales channel

MG Marketing has formed a new sales division called "MG Direct" to provide a direct distribution channel between growers and a major retailer's distribution centre.

Formed late last year, the division is managed by Shaun Bowie based in Christchurch and is operating initially in the South Island.

Shaun says the division is a category management project, enabling selected growers of greens and summerfruit

to supply directly into Foodstuffs' South Island distribution centre (FSDC).

"Produce procured from the growers is distributed to FSDC which is then sold in New World, Pak 'n' Save and Four Square supermarkets throughout the South Island," he says.

"We work alongside our customer and with MG procurement staff to organise supplies and allocate orders for produce amongst participating growers.

"It is still early on in the project, but we have identified some key benefits for growers and advantages for Foodstuffs South Island, which would not otherwise be achievable."

This variation on more traditional sales methods may also be applicable for other produce categories and in other parts of the country.

Shaun, who has worked in sales with MG for seven years, says opportunities to expand the project are being carefully studied by the company.

"There is no one-size-fits-all formula for direct sales and each case presents a unique set of circumstances.

"We have to ensure that the right product, quantity and quality are obtained consistently and delivered at the right time and the right price every day."

He says the current project represents a challenge for MG and its grower-suppliers to adapt to change in the market place.

"So far it is working well and we are confident there are other opportunities that will succeed for certain sectors of the produce trade."

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Grower's passion extends from paddock to the plate

To say that Robin Oakley, the managing director of Oakley's Premium Fresh Vegetables, is passionate about growing, harvesting and packaging produce of the finest quality would be a major understatement.



The fifth-generation Southbridge, Canterbury grower is equally passionate about selling, marketing and promoting his produce beyond the farm gate to retailers and consumers across a wide region.

In the process he has created his own packaging designs, developed product brand lines, launched new crop varieties and undertaken education programmes to raise public awareness of fresh vegetables for good health.

It should be no surprise, then, that Robin and his team's total commitment to the business has resulted in a slew of awards and accolades over recent years from both the wider industry as well as his local community.

Plus he still finds time to participate at the highest level in his favourite adventure sports such as endurance jet-skiing, kayaking and cycling... in New Zealand as well as overseas!

Robin is the first to admit he is not super-human, but relies heavily on the skills and support of family members and a seasonal workforce of up to 40 people – all sharing his pursuit of excellence from paddock to plate.

At 15 years old he was up at five each day to take his produce to local markets for sale at the then daily auctions. Plus he was selling his own certified seed potatoes, pumpkin and cauliflower, grown

on land leased from his father, at local roadside stalls and community events.

"I left school to build my own business when I realised I could trade my work in Dad's fields in exchange for the equipment and materials I needed," Robin says.

It was this youthful enterprise and forward vision that have underpinned the Oakley's pattern of sustained growth and commercial success in the ensuing 28 years.

Today the operation is one of the largest year-round suppliers of potatoes, parsnips, broccoli, beetroot and pumpkins in the province.

Robin realised early that an ability to generate premium prices for produce required a degree of control over the supply chain, stretching right to the end user.

"Over the years I made a point of getting closer to our customers and forming relationships that involve marketing, branding and sponsorship initiatives through community groups, sports activities and school programmes," he says.

"I strongly adhere to the Jamie Oliver principle of taking messages to young people and educating them about the importance of fresh produce so they gain an affinity for good food and healthy eating."

Like the celebrity chef himself, Robin has also appeared on television and other media promoting potatoes and other vegetables on behalf of the industry.

This exposure, coupled with Oakley's continuous involvement with local community leaders, has helped promote home-grown produce brands and make them into household names.

They include, for example, Golden, Purple Heart, and Lucky branded potatoes.

Robin's wife Shirleen is instrumental in administering and managing the public relations, sponsorship and marketing elements of the company's communications initiatives.

This includes a highly impressive and comprehensive website containing useful information for Oakley's key audience groups, from buyers and suppliers to school kids and sports enthusiasts.

Above all, the Oakley's pride themselves on the success of communication links built up over many years with business customers and also amongst their own staff.

"Good communication is more important than anything else in our industry," Robin says.

"Our people attend communication skills workshops to improve their abilities as professionals in a dynamic and fast-changing environment."

Farming, he believes, is all about constant transition and by natural extension so are his on and off-farm operations.

Through high-profile community initiatives and innovative dealings with the supply chain, Oakley's has set a benchmark for the produce industry in the region.

"One of the big things I came to realise was that we are not just growers," he says.

"Along with my co-directors and staff, we are active managers and ultimately we are all leaders of our community on the fresh vegetable front."

It's a philosophy that has brought national attention and even international visitors to study the Southbridge enterprise. "It's an investment we can't let slip, so I'll keep getting out there," says Robin. 🌱



Did you know?

Parsnips contain more vitamins and minerals than their close relative carrots, being particularly rich in potassium, a vital element for nerve, muscle and bone growth.

Like carrots they can be eaten raw, but are more commonly roasted or boiled to produce a sweet, palatable flavour.

Their popularity has grown in recent years as more uses are found for the vegetable in salads and fusion-style cooking.

The word 'parsnip' is not an amalgam of parsley and turnip as some believe, even though the plant is a close relative of parsley.

It actually derives from the old English word "pasnepe" in the 15th Century.

Experienced parsnip growers know the dangers of handling parsnip leaves, which contain a photo-sensitive chemical capable of causing skin burns under sunlight. 🌱





GROWER PROFILE

Fruit business reaps benefits of vertical integration

What began with a modest apple and pear orchard 30 years ago on the outskirts of Hastings, Hawke's Bay, is today one of the region's most versatile fruit packing and sales operations.



Averil and Tony Harrington

While apples are still the mainstay of the orchard's output, the business also operates a large packhouse for its own produce and also for up to 20 growers of summerfruit from around the province.

So successful has this diversification been that the resulting Hawke's Bay Clean brand for fresh apricots, plums, peaches and nectarines is recognised and sought after by consumers up and down the country.

It began in the early 1980s when Tony Harrington, with a Diploma of Agriculture from Lincoln in his resume, returned from overseas to work on his parents' 10-hectare Kelston Orchards property.

Within a few years he acquired a nearby block of bare land and grew asparagus to help fund a full apple planting programme across the entire block.

But a succession of difficult years with low apple returns, as well as deregulation of the apple industry, caused Tony to think long and hard about the future for pipfruit.

"I realised that to have any degree of financial security, I had to take control of more than just the horticulture side of the apple business," he said.

"The pipfruit industry can be very tough, especially when you grow some of the best apples on the market and the return on sales barely covers your on-farm costs.

"With my parent's support, we started investing in complementary activities with the potential to reduce costs and add value to our own apple growing operations."

In the 1990's Tony worked as a packer and also in sales and marketing for the already established Hawke's Bay Clean joint venture of summerfruit growers.

Around the same time, Kelston Orchards invested heavily in a large new packhouse facility, greatly expanding the small existing structure on its premises.

"Our goal was to offer summerfruit growers a cost-efficient sorting, grading and packing service in the November to February months, ahead of the main apple season from late January onwards.

"But on top of that, we also set out to provide national marketing and sales support for their fresh produce under the Hawke's Bay Clean brand.

"The concept has worked very well for the 20 or so local growers, now recognised by MG Marketing as the biggest source of summerfruit supplies in the province."

Up to 25 staff work in the packhouse at the peak of the summerfruit season, and most of them stay on to pick and pack the ensuing apple crop harvest which can last another four months.

Tony's wife Averil manages the wages and the seasonal employment programme of Vanuatu workers for the Kelston apple orchards.

It is a real family affair with his Dad still active driving trucks around the farms and his Mum carrying out office duties. "We handle up to 800 tonnes of summerfruit over the season and the recent one has been a beauty, with plenty of sun and warmth for excellent product quality," Tony said.

"The apples have benefited too, so we expect to put at least 300,000 cartons through the packhouse, two-thirds of them from Kelston Orchards, with 85 per cent exported and the rest sold domestically."

Kelston also operates its own large coolstore with space for up to 6,000 apple bins, giving a further element of control over the quality of its own and clients' produce.

"MG handles the bulk of our stone and pipfruit production for domestic markets and during the season provides us with daily computer reports on pricing, demand and sales results.

"Using their nationwide distribution network, Hawke's Bay Clean summerfruit is selling well in supermarkets the length and breadth of New Zealand."

Tony said the combination of a diversity of growers feeding a multi-purpose packhouse and coolstore for up to seven months each year gives his business the ability to properly manage critical stages of the supply chain.

"We can make short or long term production decisions much more effectively with our grower-supplier, packing and storage systems synchronised to meet market demands.

"Of critical importance, we can also maintain absolute quality control from harvesting and selection to packing and storage prior to distribution.

"It's a vertical integration recipe that is working very well for everyone involved".



Marketing expertise adds value to MG business

It's a small team of specialists in MG's overall operations, but the marketing department adds considerable value to produce grown and sold domestically.

The three staff in the Auckland-based marketing department are **Beena Bhana**, marketing executive, **Emma Newton**, marketing assistant along with **Jerry Prendergast**, national key account manager.

Beena, who has been with the company for 15 years, says the team supports all MG's operating divisions as well as its grower-suppliers and retail customers throughout New Zealand.

Promoting growers' brands, products and businesses in the marketplace is a pivotal role for the success of MG's co-operative model, Beena says.

"Our task is to design, create and develop a very wide range of material and activities that assist both MG and external parties in the 'paddock to plate' supply chain to get ahead and stay there".



Beena, Jerry and Emma

"We actively support our key account managers with branding and packaging strategies to meet market requirements and drive key categories.

"At the same time we are constantly in touch with retail buying groups to monitor market demand and adapt to consumer preferences."

The scope of their work includes everything from logo device development and packaging designs to tasting programmes and point-of-sale advertising.

A major example of this has been the consolidation of MG's brands under a revamped Nature's Pick brand, encompassing a range of high quality domestic and imported products.

Invariably it requires continuous market research, high profile promotional initiatives and constant two-way communication programmes.

Where new IP varieties are concerned, the team undertakes in-depth market analysis leading to a national consumer launch and promotion.

"Just about everything MG offers to the market requires careful planning and co-ordination between our suppliers and the end users," Beena says.

One test of the department's abilities is a biennial trade exposition for fresh produce where products and brands are showcased to some of the retail sector's leading buyers. At the last Foodstuffs Fresh event in Palmerston North, MG picked up two awards for Best Fresh Food Display and Best Fresh Produce Display.

Beena says the team will be working hard to emulate this success at the next expo, as always with the goal of representing MG and its grower-suppliers in the most productive possible ways. 🌱



Sabotage - could it happen to you?

This article was provided by Marien van der Eijk of South Pacific Seeds Sales (NZ).

'No, sabotage would never happen to me', but don't be so sure.

Now and again we hear of a crop being poisoned by a herbicide accidentally, but rarely deliberately. Shamefully this is happening more often in recent times than in the past.

This season has demonstrated how easy it is to become a victim of this sort of crime. To watch a crop slowly die for no apparent reason is not only sad but very expensive for any grower.

This starts to undermine your confidence in your ability as a grower and to question yourself. Initially you would not consider that your crop has been poisoned deliberately and question what is going on. Have I made a mistake? This leads on to:

- How can I afford to lose this amount of production?
- How can I survive financially?
- How is this going to impact on my reputation and markets?

The impact as you can imagine is more often than not extensive. On realising that your crop has been sabotaged you then begin to think who would do something like this?

- Maybe an ex-employee?
- A jealous colleague?
- Someone who has something against me?
- Who have I upset?

As a grower, what can be done to prevent this type of malicious behavior?

Fence off all water storage areas and install security cameras. This includes any ponds, dams and tanks. Cameras which have the facility to record are a good way to cover the more remote parts of your farm and can be effective.

Lock your irrigation room, chemical and fertilizer storage sheds, and last but not least your computer room/office. All these areas are at risk when it comes to sabotage. It is a sad day when we have to lock

everything up and walk around with a bunch of keys, but this is the modern world we now live in.

Most importantly take the time to walk around your property and try and imagine just how easy it would be to sabotage your own crop, not only by irrigation but by any means. If you can find any weakness, so can a criminal.

Finally, also double check your insurance policy for cover against acts of deliberate damage or destruction. Read the fine print and consult with an expert insurance broker, if in doubt. 🌱

This topic may seem dramatic to some readers, but MG Marketing has seen two recent examples of growers' crops being sabotaged and the huge effects resulting on individuals, families and livelihoods.