

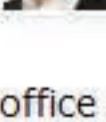
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## Standing up for suppliers against Britain's biggest supermarkets



Suppliers now have a champion against the tactics of the major retailers like the Co-op

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CHRIS BLACKHURST  Published: 09 January 2015 Updated: 10:07, 09 January 2015

Christine Tacon's office is hard to find. It's tucked away in the building used by the Competition and Markets Authority in Holborn. She's up the stairs, ask the reception there, and turn sharp left.

It's odd because she has what should amount to just about one of the highest-profile jobs in the land at present: Groceries Code Adjudicator (GCA).

Tacon, 55, is the country's first supermarket ombudsman, appointed to rule on disputes between supermarkets and suppliers, and to expose and punish bad behaviour.

Those relationships have been at the fore in the accounting scandal at Tesco, which highlighted how major retailers extract payments from suppliers — and, albeit slightly differently, the demands imposed on producers by Premier Foods and 2 Sisters.

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Her appointment, in 2013, came after years of lobbying by farmers against perceived big-business malpractice, and after the recommendation by the Competition Commission in 2008 that such a post was required.

But even that suggests hers is not an all-powerful brief with grand premises and staff to match. It took five years to get the job up and running. And she's only part-time, paid £69,000 for three days a week.

Tacon deals with the 10 biggest supermarkets and their suppliers, and ensures the Groceries Supply Code of Practice is being obeyed.

In person, she is nothing if not forceful. She has a direct, brisk, manner, not afraid to speak her mind, seemingly uncowed.

She's wearing businesslike work clothes, but offset by a striking pair of kitten boots: "United Nude, I love them."

Tacon grew up in Norfolk. Her father was a solicitor and she went to Wycombe Abbey, the girls' boarding school in Buckinghamshire. After that came Cambridge, to study engineering.

Her first job was at Coats Viyella: "I thought that somehow I'd be working on making coats for Jaeger but it was precision die-casting."

She studied part-time for an MBA, then decided she needed to switch, so she joined Mars.

It was, she says, one of the "big chunks in my career that enabled me to see things from the suppliers' viewpoint. One was [fast-moving consumer goods] at Mars and as the marketing and sales director at Anchor Foods. And another was managing the farms owned by Co-op Retail."

She also worked at Vodafone. She left the Co-op in January, 2012, with the intention of going plural: "I'd been in the same job for a while and I felt stuck. I wanted to build up portfolio roles."

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Tacon picked up a few posts, including non-executive directorships of the Met Office and Anglia Farmers, and is a member of both the Natural Environment Research Council and Defra's Regulatory Challenge Panel. And Groceries Code Adjudicator.

"It was designated as a one-day-a-week job, then it turned into three days, then it was given its own staff."

She lives in Macclesfield, in Cheshire, with her husband. They have two children, 19 and 16. Her passion is "vintage cars — we do the London to Brighton run every year".

Hers is a team of six: Tacon, then a head of legal, head of policy, PR and two support staff. They all work out of one room. They're funded by the 10 biggest retailers, who must pay a levy to the GCA.

Given the paucity of her resources and the size of the retailers with their battalions of expensive lawyers, plus the difficulty of persuading any supplier to break cover and risk losing his or her contract, it's perhaps not surprising that — so far — Tacon has no supermarket scalps on her belt.

As she says in her annual report: "No investigation launched; as no investigation has been launched, no enforcement measure has been recommended."

Just two cases are highlighted. One involved Tesco and an employee demanding payment from suppliers for better shelf positioning of their products. Tacon said that was contrary to the spirit of the code.

Tesco said it was a mistake and assured her that all buyers had been reminded not to request such payments.

The second was the Co-op, which contacted suppliers to ask if they could compensate it for failing to meet target service levels.

This was against the code — the Co-op recognised as much, and promised her they'd stopped asking for the money and had got in touch with all the suppliers who were affected.

What there is not any sign of is Tacon blitzing Tesco, Co-op and their like with writs, dragging them into court and hitting them with fines.

So far, that has not been her approach — not because she hasn't the firepower but because it's not the style she wishes to adopt. "Suppliers want our success to be measured by having a more collaborative supply chain."

Without endangering future orders, she wants to get everyone into line, and following the code.

Each of the 10 largest grocers has to have a "code compliance officer" whose job it is to ensure the code is being obeyed and to liaise with Tacon and her team.

"The Groceries Code is law, and they have no choice. I hold quarterly meetings with each of them individually and six-monthly meetings with all 10 together."

A lot of her job, as well, is touring the country, telling farmers about the code and their rights.

She gives it to the industry straight, she says, setting out her "top five" issues.

These are "drop and drive" — a hauler reverses into a depot, the driver is not allowed near the rear of the vehicle, they do not see what is being loaded and do not sign for it; the retailer then tells the supplier what they took, then the supplier is asked to pay for a claimed shortfall.

"I've got three months' evidence of this occurring. I presented it in a slide show to the code-compliance officers. I gave them the opportunity to put it right or I would act."

When I splutter that surely this is clear fraud and a definite breach of the code, and so why not prosecute, she shakes her head.

"I could, and they know that, but the objective is to have a better supply chain. A proper investigation that would stand up in court would take nine months. They have clever lawyers whose job it would be to slow progress."

Also in her top five is "forensic auditing" — employing teams of auditors to go back many years through invoices, looking for any evidence of a supplier being overpaid.

She has got the retailers to agree they will not go back more than one year, which is "a huge relief for suppliers. It causes them a huge amount of work".

"Forecasting" is another. This is when the retailer demands compensation because its forecast sales did not materialise. Or it can be when the supermarket suddenly varies an order and the producer cannot match it — again, the result of weak forecasting.

"Lump sum payments" occur usually towards the end of the financial year when the retailer literally demands payment from a supplier.

This can be for a variety of reasons: "It could be as simple as 'we've not hit our targets. Your share of the shortfall is X'."

Finally in her top five is "packaging" — a supplier is charged for packaging.

"Take apples," she says. "A farmer could be told: 'You must buy your packaging from our source and pay for all the design and the artwork'."

They then find they're paying far more than the market rate and certainly much more than if they were able to choose their own packaging.

"We've made a big fuss about this, and now suppliers are allowed to buy their packaging from wherever they want."

A new entrant in her next top five, she says, will be "customer complaint charges".

A customer brings back a bag of apples that were bad. The supermarket will give the shopper another bag, and then trace the batch that was off and charge the farmer £45, say, for their trouble.

"That can't be allowed to happen. They must show me the justification for the charges they're imposing on customer complaints. If they're charging £45, they must show me how they get to £45."

She insists she is getting there. "Some suppliers still see requests from retailers as part of the cut and thrust of doing business. But it's bullying. More suppliers are standing up to them and are saying this is not acceptable. More of them are challenging the requests — they're becoming emboldened."

We're out of time. She is getting to: there's another group of producers who need educating.

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