

Speech to Order of British Empire Lunch

Farmers Club London May 2010

“Unusual situations I have had to address running the Co-operative Farms”

Thank you for having me.

When Eric asked me to speak to this elite gathering I just assumed I could do the same talk as I do to many farmer gatherings around the UK. But when I received the invite I realised I wouldn't get away with that: he has asked me to talk about the unusual situations I have to address and there is no powerpoint!

Going back to the start, nearly 10 years ago, I was sales and marketing director for Anchor Foods in the UK, having had a background in engineering and marketing, including 6 years at Mars confectionery. I had very little knowledge of farming, apart from having to learn sufficient to justify calling Anchor butter “free range” and then defending the claim when all the complaints came into the Advertising Standards Authority. Including one saying we were misleading children by having calves emerging from an egg.

So my first unusual situation was that I was a non-farmer running the biggest farming business in the UK and secondly that I was female in what you can't deny is a male dominated industry.

Being a non-farmer meant I had to adopt more of a coaching style with employees rather than dictatorial, which they seemed to expect. As an example, within 2 weeks of joining the business, I was shown round a large arable and vegetable farm and as I was being dropped back at the train station the manager said “There is just one thing I want to ask you, Christine, do we or do we not grow brassicas on this farm this year”. I asked him firstly whether he had done a profit and loss calculation with and without brassicas (to which the answer was no) , secondly to identify the risks or sensitivities of growing them and thirdly to tell me what a brassica was. I still see myself as a non-farmer and I delight in asking ignorant questions in the hope of inspiring people to think a bit differently.

So to being female, well as you can expect, it has its ups and downs!! I don't think it has really ever been an issue: it has meant that I am noticed for what I do and I believe has helped build the profile that the Co-operative farming business has today. Being female has had most impact on the culture of the organisation, making it less hierarchical, more people focused and also more marketing oriented. But I had better leave this subject here!

I found external contact in the industry difficult at the start: the general assumption was that I had been brought in to sell the business, whereas in fact my brief was to add value to the products to redress a £1m loss on a £40m turnover. I expected my priority to be marketing. Some of the farms senior management wanted to keep me away from what they were doing,

especially away from the clients. At the first Silver Lapwing Award event we hosted, I was sat safely between the lawyer and the ag chem. supplier.

I had taken over a business, that although owned by the Co-op, had distanced itself from the centre, being based in Leicester, rather than Manchester, having its own Human Resources, health and safety, finance systems. I can sympathise with this to a degree, because at the time the quality of produce in the food stores was not great, nor was the store ambiance, and there were central policies, such as banning hunting on its own land, that were very unpopular in the farming community. Until I joined the Co-op centre had largely ignored the farming business as it regularly turned in a profit, however by the time I joined it was losing money, and when we got charged an internal market rent, we were losing money seriously AND supplying every competitor to the Co-op too. Not quite the brief I envisaged, and certainly not a hole that a "bit of added value marketing" could fill

Back in 2000 we were still in dairying and the only products we were producing for the Co-op were milk and peas. When Iceland decided to go organic, Albert Fisher were growing a crop for which they no longer had a market, it was touted round every retailer, and the only one that was prepared to renege on their grower was the Co-op! I was shocked by the lack of loyalty to an internal business but it meant I learned fast.

In getting back to profit over a 3 year period we halved the turnover by exiting dairying and crops for which we didn't have a market committed before we planted them.

Talk about unusual situations.

I was living in Reading at the time, working in Leicester but moving the business (and trying to buy a house) in Manchester and trying to visit farms based all over the country.

So some of the first actions I had to address were the fact that some of the directors and my PA didn't want to work for me. None of the finance team wanted to move to Manchester and responsibility for Property was being taken centrally rather than the farm managers, which meant that many of them felt their position was being devalued.

Externally, I have twice been asked to speak at a dinner, for no reward apart from the meal, and been extremely rudely, verbally attacked by guests. One was what looked like a harmless invite from Withers, the solicitors, at the Royal Show, which transpired to be full of hunting farmers, who saw it as an opportunity to get at someone over the Group's policy on fox hunting, which had been taken 20 years before I joined. Another time was at Smithfield, when I was asked afterwards what right I felt I had to address the audience, and who did I think I was telling them what to do! All I did was talk about what I was doing in the Co-op: in both cases I felt I was not adequately supported by the people who had asked me into the lion's den!

On a lighter note, when acquiring a business, I had to explain to the vendor that tractors were a fixed asset, even though they clearly could move!

As tomorrow is election day, I thought it worth commenting that I find it odd to work with a business with a left wing lay board, who authorise donations to and bank roll the Labour party, whilst we farm the land of staunch Conservatives, including potentially the next Prime Minister's father in law! I refer many people to the founding principles of the Rochdale Pioneers which was for the co-operative movement to be apolitical. I have addressed both Tory and Labour party conferences and do my best to ensure that members of the 2 houses of whichever party, are fully aware of the importance of food and farming to the UK's GDP (apparently we are the largest manufacturing industry left) and the impact of their actions on those of us trying to run commercial enterprises.

But probably the most unusual aspect of my job is running the farming business within a very large business. The Co-operative Group now has a turnover of over £13bn, a profit of over £365m and over 120k employees, in businesses from food retailing to insurance, travel and funerals. We in Farms have a turnover of £40m, a profit of about £4m and 200 employees. Less than ½ % of employees and turnover and about 1% of the profit.

As many of you know, agriculture is often treated as an exception and with a light touch, till something goes wrong. Many rules are broken that large businesses can't afford to risk. I am talking about the loading of trailers (and the inadequacy of the brakes), working time directive, avoiding paying AWB rates in packhouses, not to mention the requirement for all places of work to have had an asbestos audit, fixed wire testing and adhering to rules for storage of fuel and fertilisers and fire regulations (including practice evacuations). All of these have posed issues and cost to our business and some clients object when we point out that a legal requirement needs investment by them.

There are also many central functions in the Co-operative which require us to form-fill and comply: business continuity, risk analysis (updated quarterly), calibre analysis, and succession planning and employee surveys (done in the middle of potato harvest and crop establishment time, as it's a quiet time for the other businesses) to name but a few. We have finally managed to move arable farm accounts onto quarterly rather than 4 weekly reporting, as that was a huge extra burden on the teams and told us very little.

The Co-operative Group employee survey is something we are all bonused on and it is measured to farm level. We have to translate it into 6 languages to cover the potato packhouses, but how would you all do if your employees were asked about the quality of their management, annual appraisals, the toilet facilities at work, adequacy of training etc? In fact we have some of the highest scores in the Co-op for the engagement of our employees in their work, of which I am very proud.

Continuing on the theme of being small within a huge organisation, I was sent a 40 page contract for all third parties who worked on the farm to sign before they could start work; this would include the one man band hedge trimmer and the local firm which arrived to unblock a drain. I probably have a reputation in the Group for being awkward, but at least when we have whittled this down to a 4 page contract; I will then ensure it is used and embedded in our practices. We also had a lot of work to do when the Group wanted to sign up to the Ethical trading Initiative, which requires them to have all suppliers sign to agree that their employees get a day off a week, don't employ children, don't have anyone working outside the WTD without an opt out etc. Easy when you are speaking to Wiseman's, but imagine if Wiseman required all their suppliers to commit to this.... We managed to do our own version of this which only applies to businesses which employ over 10 people excluding family members, which ruled out many of our potato growers, but captures the bigger ones. We do try and give all our employees a day off a week outside harvest, manage their average working hours over the year to 48 maximum and keep to no more than 14 days without a day off in the harvest/establishment period but it isn't easy. However if we don't as an industry try and address some of these issues, we won't attract (or keep) the next generation of farmers.

Another unusual factor is that the Group doesn't know where to put the farming business. I have reported into Specialist Retail division along with funerals and travel, direct to the CEO, then to the North East regional head (where we had no farms but apparently he had time on his hands), to Head of Marketing for the Co-op and now Head of Property. All these bosses love the Farms business, but only the current one has actually helped me move the business forward!

I have talked about what could be seen as the downside of being part of a much larger business, (though all of the above are a good discipline for us) but there are some really fantastic upsides. The dimension of branding our products and being able to sell them in our own stores is brilliant and has given the Food Stores a real difference over their competitors. Although we only make 1% of the profit, the Co-op has over 6 million members and they have a voice, and they are always pushing for more products from our farms to be sold in the stores. The Co-op also has a commitment to investing a proportion of profits back in the local community and we have been beneficiaries of these funds with our Farm to Fork education project which has had over 25000 children spend a day on farm learning where their food comes from. This is entirely paid for from the central fund and our employees get involved when they can. The branding of our products in store and the education project on farms has done wonders in making the Farms employees understand what it is to be part of the Co-op and to feel like they are part of the whole as opposed to a business that doesn't fit and may be disposed of. We have had such fun developing products such as Tillington Hills 100% apple cider from ancient varieties, the Tillington 1000 apple juice from the Brogdale collection we planted, honey, turkeys and exclusive apple and potato varieties.

Many of you may think it easy taking products from our farms and branding them in store. However we are NOT yet charging a premium for Grown by Us, so we can't add any costs in the process. The opposition we face when trying to persuade suppliers to segregate our wheat to get Grown by Us flour, our sugar beet to get Grown by Us sugar, or our OSR to get Grown by Us vegetable oil has been considerable. Likewise talking to current suppliers of many vegetables, it is only when it comes to re-tender to the Co-op Food business, and they risk losing the business, that many of these businesses have been at all co-operative and realise that by working with the farming business, they might be able to secure future supply: Grown by Us flour is now a prerequisite for whoever bids for the business, British Sugar are no longer a supplier to the Co-op and Frontier are still trying to work out how to bottle our rape seed oil cost effectively without sending it via Belgium. But we will get there.

So from the point of view of the rest of the Co-op, we are still a very small business, I often get asked who my risk representative is, my health and safety owner, my PA, the answer is the same...me. I need most of our employees on farm, as there is not enough money in the business to have a large central resource. As part of a calibre analysis (looking after the talent in a business) I was told that Customer Focus was not a behaviour required in the farming business as we didn't face external customers. Try explaining that to over 40 clients and agents, to the food buyers, the head teachers and 25000 school children and 5000 members a year we have on farm and ultimately the consumers in Co-op stores buying our range of products!

But in summary, I wouldn't have all this any other way. I never expected to be in this job for nearly 10 years but there is so much variety, so much challenge and so much more that want to do, that however unusual my brief, it has me firing on all cylinders and still eager to keep my foot on the floor.

Thank you all for listening.