

March 2014 **Dr. Susanne von Münchhausen**Policy and Markets in the Agri-Food-Sector

HealthyGrowth Project: www.coreorganic2.org

### Strategies for medium-sized valuesbased food chains during growth processes

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### **Overview**



- Introduction
- Business development strategies
- Case study results
- Conclusions









# How to manage the growth process without loosing the "organic plus" values?



Standard organic: No extra values – no premium prices









Who to realise?

## Values-based organic food businesses



- Standard organic is not enough for a successful growth of small and medium-size businesses and initiatives.
- "Organic-plus" is important for the realisation of the marketing of high quality products and premium-prices.
- But! The extra values have to be transmitted to the consumer successfully.
- Common issues for growing businesses and initiatives:
  - Trust (consumers, chain partners)
  - Fairness (staff, upstream, downstream chain partners, animals ....)
  - Reliabilty and good cooperation between chain partners



Good strategies and well-working instruments are needed!





#### Objective

 Analysis of business strategies which are put in place for the management of growth processes of values-based organic food chains.

#### Methodology

 Literature review on typical challenges and used business strategies

Testing: Analysis of the strategies of 3 case study businesses asking, "Which strategies are put in place in the real businesses? and Have the strategies been working as expected? "



### Business development strategies



Establishment of efficient and flat organisational structures, professionalization of management Some Examples from

- Marketing measures
  - High quality production
  - Pricing policy based on fairness, stability/flexibility
  - Promotion

#### Sustainability

- Strengthening the market position
- Nature conservation, environmental protection, reduced emissions
- Social engagement, regional development
- Cooperation/good communication with business partners
  - Trust, fairness
  - Transparency, controlling

### resting!

### Case study Bohlsen Mill Ltd



Case 1	Type of business	Main values	Strategies
Bohlsener Mühle GmbH & Co. KG (www.bohlse ner- muehle.de)	<ul> <li>Organic mill</li> <li>Bakery         products:         flour, seeds</li> <li>End-user         products:         cereals,         cookies,         bread</li> <li>Employees         160</li> </ul>	"We are a lively part of the society. Our core values are responsibility, trust and openness."	<ul> <li>Sustainability concept based on organic principles</li> <li>Excellent product qualities</li> <li>Open for improvements</li> <li>Reliable business relationship: close cooperation with producers' assocociations, organic bakeries and Naturkost shops</li> <li>Regional engagement, sociocultural events</li> <li>Appreciative attitude towards staff</li> <li>Fostering corporate ID</li> </ul>







Testing!

### **Rinklin Naturkost Ltd**



Case 2	Type of business	Main values	Strategies
Rinklin Naturkost GmbH www.rinklin- naturkost.de	<ul> <li>Organic         wholesaler         for fresh         foods,         groceries,         drinks,         chemist's         products,         natural         cosmetics;         &gt;200 em-         ployees; 600         customers</li> </ul>	<ul> <li>"To be reliable partner: restaurants, shops, catering!"</li> <li>"Regional organic food is our first choice!"</li> <li>"Our logistic systems are up to date"</li> <li>"Providing local income and employment"</li> </ul>	<ul> <li>Fostering trust: open, fair internal/external communication, participation in decision making, reliable trade partnerships</li> <li>Efficient new cooling and transport systems</li> <li>Informing chefs: "Gastro-Events" on organic food/cooking for chefs</li> <li>Positive image in the area: local vegetables/ fruits, bakery, meat products</li> </ul>

### **Rinklin Naturkost GmbH**













Testing!

# Kräutergarten Pommern- ( land cooperative



Case 3	Type of business	Main values	Strategies
Kräuter- garten Pommern-	<ul><li>Agricultural cooperative with 76</li></ul>	"Growing together!" Cooperation and	<ul> <li>Production of organic health/wellness products from local agriculture</li> </ul>
land e.G. (www.kraeu	members	trust for job creation	<ul><li>and well known partners</li><li>Cooperative spirit</li></ul>
tergarten- pommerlan	and marketing of	(team of 10 women)	between within the team based on fairness and
d.de)	herbal tea mixtures		good communication







### The case studies



- ...show successful businesses representing the centre of an organic values-based food chain and driving the chain.
- Bohlsen Mill and Rinklin grew out of local niche production up to businesses handling significant volumes.
- Kräutergarten has realised the integration of production, processing & marketing; the cooperative's strengths: a strong team, local embeddedness and over-regional marketing.

• All businesses sell organic products with "additional" values:

"organic plus".









Organic premium product marketing

# Clearly defined business strategies of the three cases



- ... were the basis of a successful growth process.
- ... secured distinct values adapted to the chain and the type of products.
- ... built on appropriate volumes of high-quality, differentiated, market-engaging food products.
- ... are coupled with value-adding stories of the region and regional practices.
- ... are drivers of the chain's development enhanced by trust, transparency and win-win relationships between chain partners.





### **Finally**



- Successful food value chains show effective supply chain management and environmentally friendly production and logistic systems.
- Values-based food chains
  - relate to social and regional economic engagement, and
  - aim to claim regional embeddedness of businesses and initiatives.

### Thank you!







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