

The Sustainable Supply Chains initiative: benchmarking and practical implementation of sustainable development in micro-enterprise food supply chains.

A summary of the key findings and lessons learned

In December 2010 a new food strategy for Wales: 'Food for Wales, Food from Wales 2010-2020' was launched by Elin Jones Minister for Rural Affairs of the Welsh Assembly Government (WAG). This strategy places sustainable development as a central driver for the future of food and farming in Wales and supports WAG's vision for a sustainable future laid out in the overarching strategy One Wales: One Planet. The Sustainable Supply Chains initiative responded directly to this challenge, piloting practical, business-orientated approaches to putting strategy into practice.

Outputs from the 18month pilot phase

- ☑ consultations with over **100** micro-enterprise food and drink producers and other supply chain businesses;
- ☑ generation of over **18** project opportunities;
- ☑ selection of **5** projects against a strict eligibility criteria;
- ☑ supporting over **40** micro-enterprise food and drink businesses and other supply chain partners.

The Sustainable Supply Chains initiative (SSC)¹ is recognised as an example of best practice within the new food strategy for Wales (p.65). This is because it is uniquely positioned to meet these contemporary challenges. It has piloted innovative ways to assist micro enterprises to embrace sustainable practices, developed tools and techniques to help business, and created a suite of indicators to help benchmark sustainability in food supply chains. The pilot was focused on south-east Wales and ran from July 2009 to February 2011.

The projects: summary of core activities

Calon Wen Organic Dairy Co-operative: ecological footprint evaluation for new product development. *This work is being used by Calon Wen inform their strategic decision making. The findings could be used by others in the sector such as Organic Centre Wales, to inform methodologies for measuring supply chain eco-footprints.*

Community Food Co-operatives: sustainability review and development of an action plan to build the marketplace for the Welsh horticulture industry. *Recommendations identified through the sustainability review are currently being implemented directly by the organisation, and a guide has been produced which can promote this horticultural marketplace to farmers wishing to diversify.*

Sustainable Welsh Wine: developing a commitment to sustainable production and consumption amongst a collaborative group of wine makers. *The onus is on the wine producers to take the project forwards but exploration of potential longer term support from Horticulture Wales, Cywain and Wales Climate Centre may offer a route to provide 'on-going' facilitation. This approach will necessitate expert input on sustainability issues and on-going facilitation.*

Riverside Market Garden: testing a new resilient model of horticultural enterprise and enabling supply chain ownership by local communities. *The enterprise now has over 100 community shareholders and is selling in-*

¹ SSC is a Supply Chain Efficiencies Scheme project that received funding through the Rural Development Plan for Wales 2007 - 2013 which is funded by the Welsh Assembly Government and the European Agricultural Fund for Rural Development. It ran from June 2009 – December 2010.

conversion vegetables locally. The community finance structure will be disseminated under a recent Knowledge Transfer grant, offering a viable enterprise model to other local communities.

Farmers market and micro distribution hubs: developing collaborative marketing and distribution opportunities for small food producers to step up the availability of local food to trade buyers. *Achieving collaboration between small producers depends on market opportunities being created; in response, a new website – producerdirect.co.uk, has been created to hold producer/product information and enable ordering for direct sales. With further facilitation, the project will also enable pre-ordered produce to be collected at farmers' markets. The software and system is available for use by other local marketing groups.*

Key lessons learned

Sustainable development is good for business. But embedding the principles of sustainable development into business practice now, will only take shape if food enterprises recognise the commercial benefits of these new approaches. Businesses need to both take a long term view and develop practical action plans which generate good returns over the short term. Work must be done to raise awareness of what sustainability means in practice, and advice must be communicated to businesses in a practical language to address the common and immediate challenges they face.

The results of SSC have been independently evaluated². The key findings and lessons learned illustrate both the success of the initiative along with some of the challenges which face food enterprises and support agencies in taking this agenda forward. The headlines from this evaluation are summarised below:

1. There is a clear need to **de-mystify what sustainable development means** for businesses. The SSC project team was successful in engaging with the sector because they were able to break down into constituent parts that are in line with common challenges small food businesses face. This enabled us to 'sell' sustainable development to businesses, allowed manageable action plans to be created from which 'bottom-line' results can be expected within a reasonable timescale.

The SSC team devised a **benchmarking** tool containing 50 indicators that can measure business activity across supply chains. These indicators cover strategic, economic, environmental and community considerations. A set of indicators was selected against each project, suggesting practical ways that the data can be collected and what the results might mean for the businesses involved.

The independent evaluators noted that the benchmarking tool: *"...has been a unique feature of the SSC initiative to support beneficiaries and measure progress of project activities towards achieving sustainability within supply chains."*

This tool is a potentially valuable asset for the Welsh food sector which could be used directly by businesses and support agencies, to bring practical meaning to sustainable development and offer ways to implement best practice.

2. Despite the growing significance and success of leading organisations that embrace environmental sustainability and socially responsible business (eg. Marks and Spencers, Waitrose and the Co-operative) hard economic indicators such as growth, turnover and sales still hold higher significance than social or environmental indicators. A balance must be found if we are to satisfy the objectives of WAG and achieve

² See website for independent evaluation by Ecorys.

true sustainable development and herein lies a **clear role for government and the public sector to lead** and pave the way for the necessary change to happen.

3. The potential usefulness of the benchmarking tool and the implementation of sustainable practices is dependant upon the input and intervention of **skilled facilitators** with industry knowledge. One criticism of the SSC initiative was that in some cases the SSC team was too closely identified with the projects and that there was a danger that unless the businesses involved take ownership and responsibility for project delivery momentum may waiver.

This both argues for the need for informed facilitation, as innovation may not happen otherwise, but also the importance of designing **viable exit strategies** for supply chain projects.

4. **Demand creation is the starting point** for engaging specifically with small producers. Barriers exist when attempting to engage with micro-enterprises on strategic level projects this is particularly evident with primary producers. Communication, the hands-on approach to business, pressure on resources and logistics of face to face meetings and workshops, particularly with rurally based business, are all barriers to innovation.

In several cases workshops were not well attended and often small business owners were unwilling to take the time to get involved in a project if they don't see an immediate benefit to them. The exception to this pattern was when a live trading opportunity was offered on a plate. A certain level of supply information (such as product range and prices) is required from producers, however, to enable discussions with potential buyers. This chicken and egg scenario can only be broken by committed and dogged facilitation.

5. **Taking a whole supply chain approach to project development brings the most added value.** In contrast with the challenges of engaging with small producers, the SSC team found much more interest in engagement by organisations higher up the supply chain. Organisations such as co-operatives, marketing groups and supply chain agencies were more open to strategic level projects and were found to be much more receptive to implementing sustainable practices. The benefit of this approach is through the influence that these organisations have within their supply chains whereby changes will indirectly but significantly affect the producers with whom they work.

Overall, the evaluators concluded that:

“The Sustainable Supply Chains Programme was a well conceived programme and the evaluation has identified evidence to support this view. The initiative has implemented an effective approach for stimulating collaboration and sustainable development, led by micro-enterprises within the food and drink supply chain. The programme has resulted in investment in new opportunities between micro-enterprises and has also significantly increased the confidence amongst producers to invest in collaborative arrangements that can secure long term benefits.”

In establishing SSC we have created a working system and an approach which enables practical implementation of sustainable development by micro-enterprises and their supply chain partners, in line with WAG strategic objectives. Future iterations of the SSC initiative will focus on building capacity in line with the findings of this evaluation.

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