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Hochschule für nachhaltige Entwicklung (FH)

Unser Name ist Programm

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The role of the business logic for growing value chains of organic food – results of an international case study analysis

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Core Organic II Project

„HealthyGrowth: from Niche to Volume with Integrity and Trust“
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CORE organic II

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BÖLN

Bundesprogramm Ökologischer Landbau
und andere Formen nachhaltiger
Landwirtschaft

 Bundesministerium
für Ernährung
und Landwirtschaft

Overview

- 1) ‚Healthy‘ growth of values-based food chains
- 2) Business logic concept
- 3) Case study analysis
- 4) Conclusion



„Extra‘ values of food products

- Standard (mainstream) production and processing means limited value-added.
- Values-added production, processing and sales activities require an excellent management and an effective cooperation and communication of values!

*„From our region“, “traditional style”, „mountain pasture“,
“organic”, „fair prices“, „with event character“, „natural“*



Photo: S.v. Münchhausen

How to manage the growth process without loosing ,extra' values?

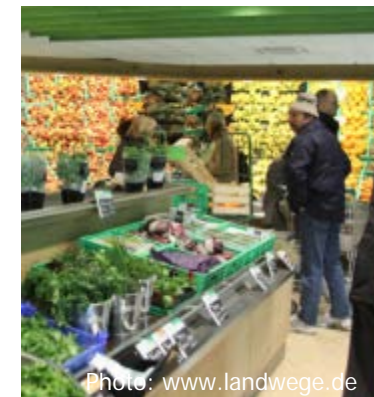


No ,extra' values – no premium prices



Farm shop: the ,easy' way of connecting consumption with production and the producer

How to manage?



?

2) Analytical concept of the ‚Business Logic‘

The business logic describes the interrelations between values, business goals, strategies and management instruments used of the studied values-based business or food initiative and the related value chains.



Source: www.dreamstime.com

“From vision to mission: that’s how we act. We have a holistic business concept: firstly we’ve defined values and strategies... then, we made a catalogue of criteria for the evaluation of our work processes, the fairness and much more. In the end, it’s about creating awareness.”



Photo: berlin.bild.de

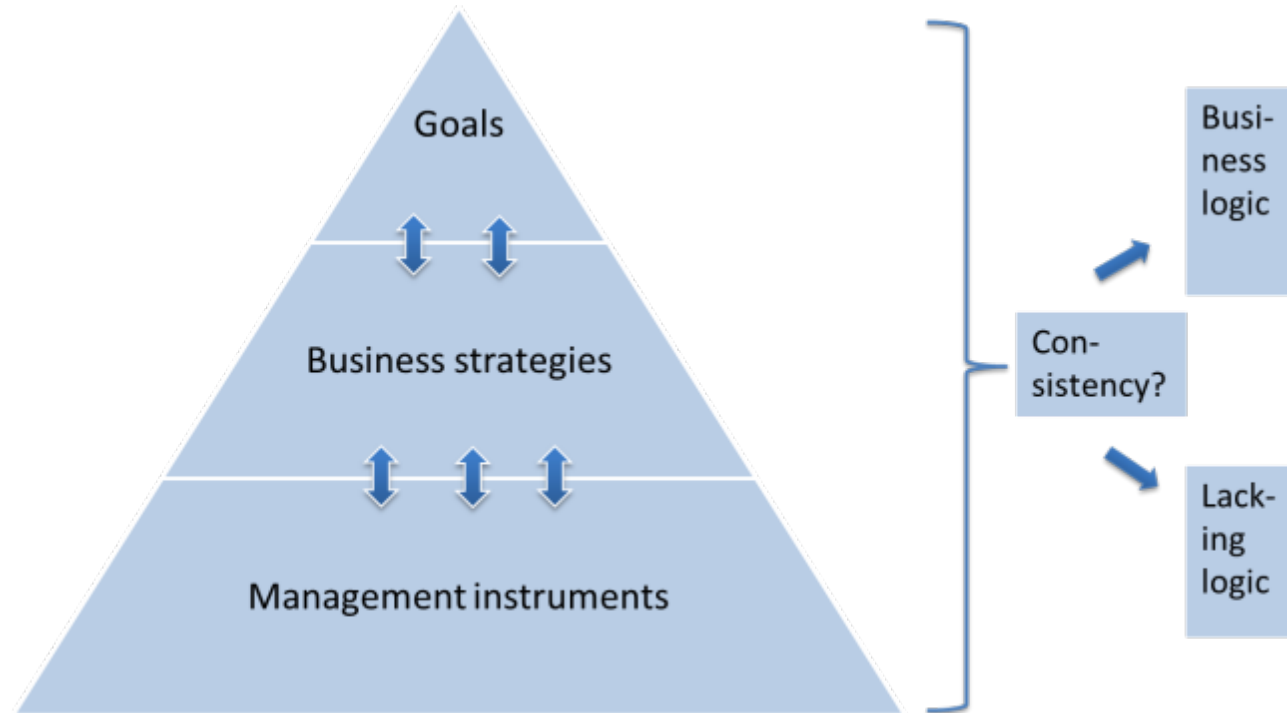


Photo: HNEE.de

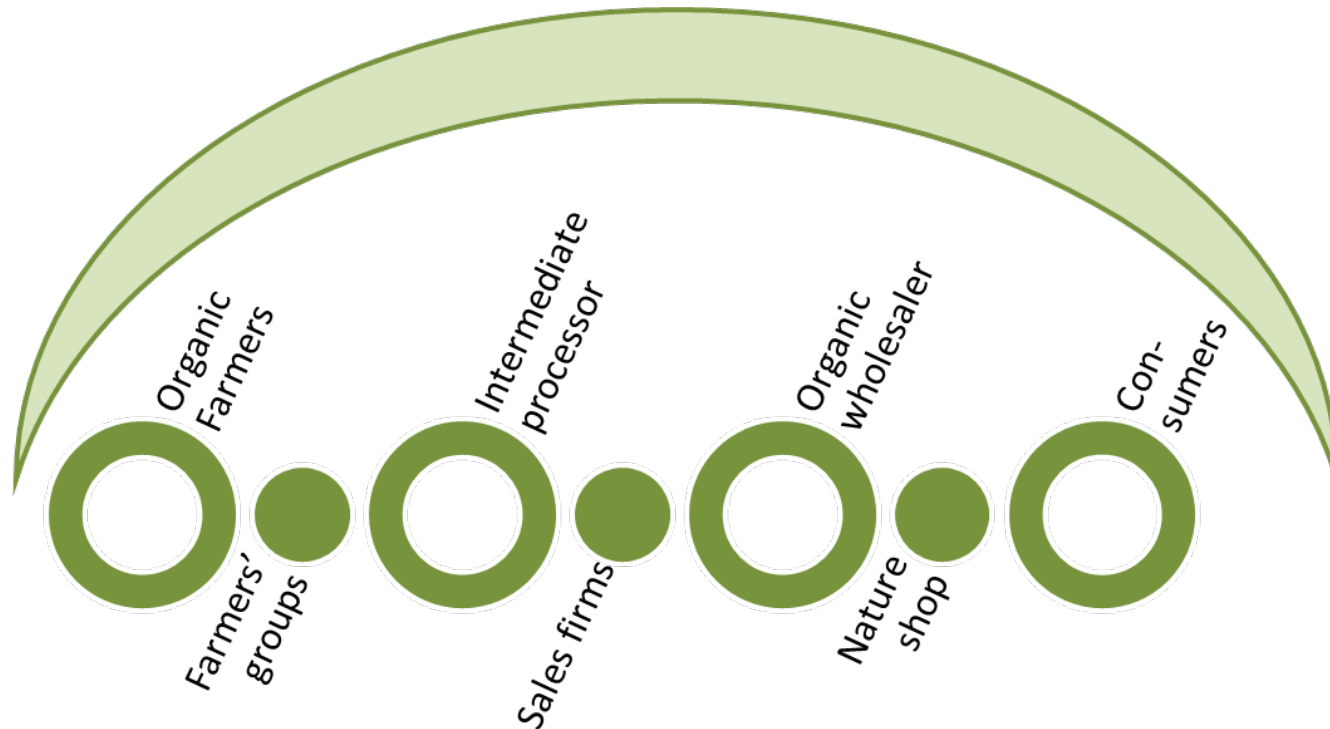
J. Weckmann (2015) Convention for Science Organic Farming; Workshop „Dialog Practice – Advise – Science“ (Eberswalde, 9/03/15)

Business logic concept...

- focuses on the operational level of the management.
- is build on the idea that enterprises and food initiatives have an overarching logic and that business goals, strategies and management instruments need to be internally consistent.



Overarching business logic of the values-based food chain




When strategies and instruments of each single business and in all businesses along the chain are consistent, the 'extra' values are maintained during processing and sales. Moreover, the chain partners will be able to transmit them from field to fork.

Application of this concept

- The business logic analysis can be used for
 - periods of relative stability, and
 - periods of rapid growth.

- Identification and analysis of the business logic helps to
 - highlight the particular strengths in business strategy and/or management, identify inconsistencies, and based on this, improve management,
 - better understand enabling and hampering factors in policy and market framework conditions.

 The analysis of the business logic can contribute to economic performance and efficiency, improved cooperation and communication within the value chain, and to policy development.

3) HealthyGrowth case studies

- Primary producer businesses, medium-size producers, processors, or trade/sales enterprises (18)

- Values-based food chains from different food sectors
 - Grain production - milling - baking
 - Dairy farming - fresh milk supply, cheese, yoghurt etc.
 - Animal husbandry - slaughtering - meat processing
 - Vegetable, fruit, herb growing - processing and/or packing - sales
 - Box schemes, producer-consumer cooperations, restaurant/catering

Some statements...



Photo: Landwege.de

“We hired professional coaching for our team – that was needed!”

“We were always facing new problems... learning all the time...”



Photo: v. Muenchhausen

“As a manager, you have to include everybody's' interest and manage an open communication.”



Photo: HNEE.de

“We were lucky: a good manager took over and improved processing and marketing.”



Photo: Eko Zemaitja Dairy, Lithuania

Results of business logic analysis

- Often the overarching business philosophy remains stable over time.
- Operating goals can change – in particular during growth.
- Sound business strategies (often implicit)
 - were the basis of a successful growth process
 - secured distinct values adapted to the chain and type of products
 - realized a strong integration of production, processing & marketing, and often of non-production/-sales related activities
 - included fostering trust, transparency and win-win relationships between chain partners.

Contd.

- Some business strategies change over time with e.g. increasing importance of differentiation strategies due to territorial expansion and competition on the market.
- Always a variety of management instruments are used, in all management areas

Leading – Planning – Organisation – Personnel – Controlling

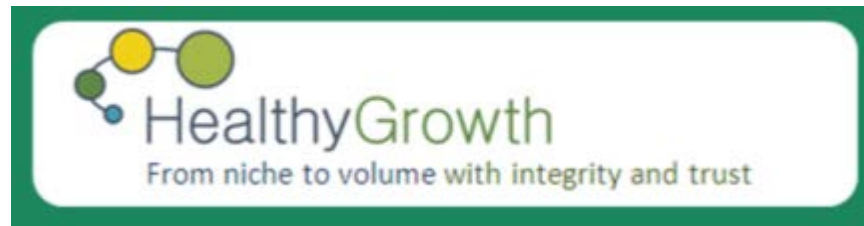
➔ Sometimes the necessary adjustments in management instruments lack behind in times of rapid growth

- Nearly all case studies have a clear business logic (= consistency of goals, strategies and instruments)
- Some inconsistencies were found in the present situation of the businesses or for earlier periods.

4) Conclusion

- The business logic is a systemic approach that helps to identify strengths and weaknesses in management.
- The concept helps to analyse inconsistencies in the management of values-based food chains.
- A holistic analysis of goals, strategies and management instruments is needed in order to assess the consistency of management processes and dynamics.
- Based on the application of the business logic, stakeholder recommendations and policy briefs will be developed.

Thank you!



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The logo for CORE organic II is a green rectangle. It features a stylized graphic of three birds in flight above the text 'CORE organic II' in a white sans-serif font.