



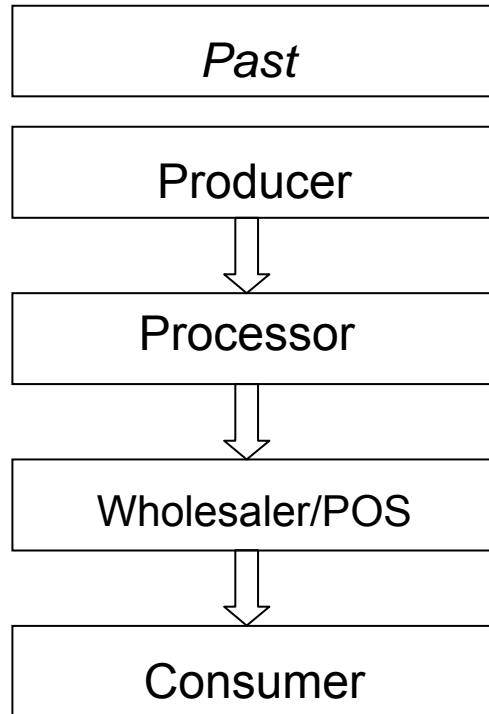
Value chains: An innovative and profitable business model

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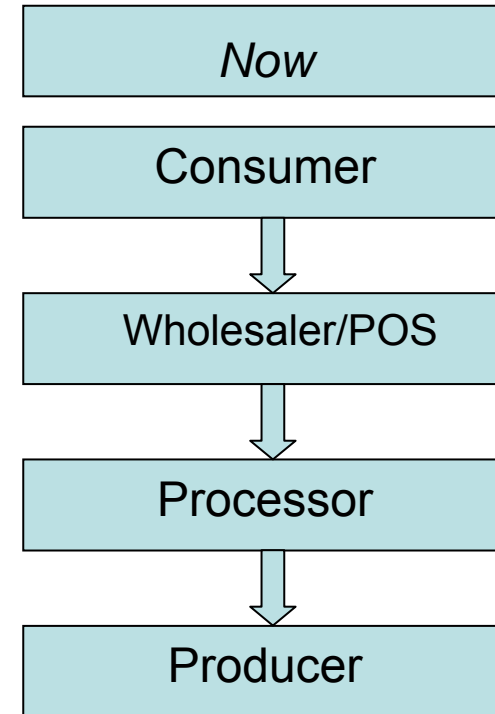
What is a value chain?

- A value chain occurs when businesses take part in a vertical alliance and collaborate in order to achieve a more rewarding place in the marketplace.
- A means to explore other markets besides commodities – where low cost is the only strategy.
- A means to create new products, business opportunities, partnerships possibilities.

Chain reversal



- Produce, then sell (push)
- Short-term strategy
- Focus on close business partners (silos)
- Price/ productivity
- Independent



- Sell, then produce (pull)
- Long-term strategy
- Whole chain mindset
- Value-added product/ innovation
- Mutual dependence

Let's develop common grounds on value chain management

- By info sharing
- Building trust
- Common decision-taking:
 - So each player knows what to deliver and why.
 - So the whole value chain can *deliver on a constant basis* what the consumer really wants.
 - Determine what the consumer *really* wants (what, where, how) and what niche markets to serve.
- Develop marketing skills (strong brand & branding strategy).
- Highlight weak points (where are we vulnerable to national or international competitors).

Let's develop common grounds on value chain management

- **The value chain builds around specific assets creation :**
 - Production,
 - Quality,
 - Branding,
 - Product «Story»,
 - Label or 3rd party certification,
 - Etc.

Value chain examples



Les Moulins de Soulanges inc.

- Value chain consists of Agri-Fusion (grain buyer), La Meunerie Milanaise (mill) and Première Moisson (chain of bakeries).
- Codes of practice based on Agriculture raisonnée (France).
Label : Agrinature
- Complete traceability and control of wheat recipes through hi-tech equipment.

= Product differentiation, local production, low environmental footprint. Values a product neglected by big milling companies.

= Successful business

Citadelle



- Maple syrup producer's Cooperative (1900 members)
- 2nd & 3rd processing
- Les Délices de l'Érable boutiques = franchise
 - Markets: retail, industry, food service, gift shops, corporate gifts
- Export market development through partnerships (more than 30 countries, on all continents)





Viandes Sélectionnées des Cantons (VSC)

- No added growth hormones
 - No antibiotics
 - Breeding requirements (tenderness, taste, lean meat)
 - Codes of practice for producers AND retail
 - Price and premiums agreed in advance
 - 150 producers
 - VSC Corp.
 - Abattoir & processing
 - Butcher shops
 - Retail stores
 - Restaurants
- 4700 steers processed in 2009
= Can't keep up with demand!

Some «nature» beef initiatives

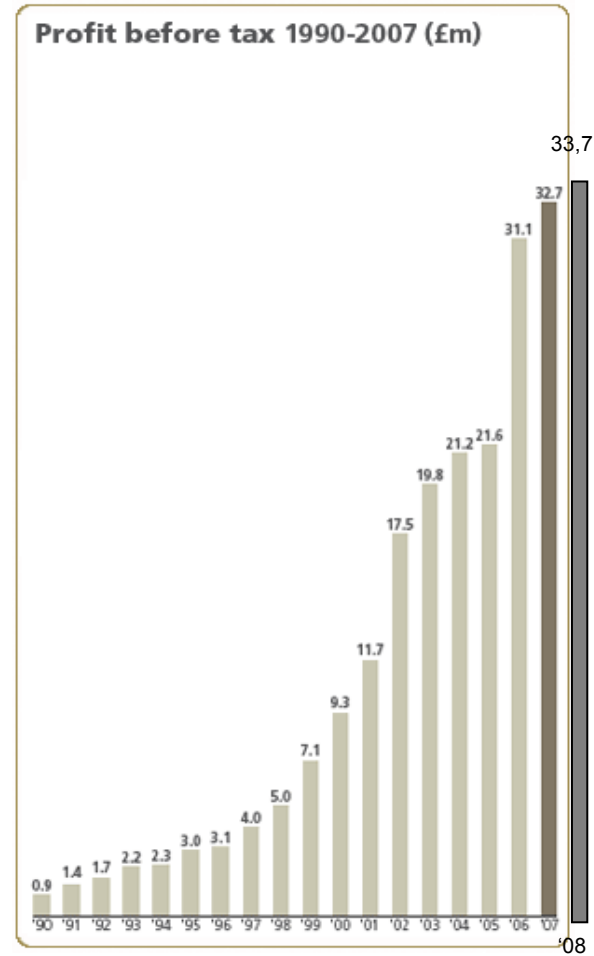
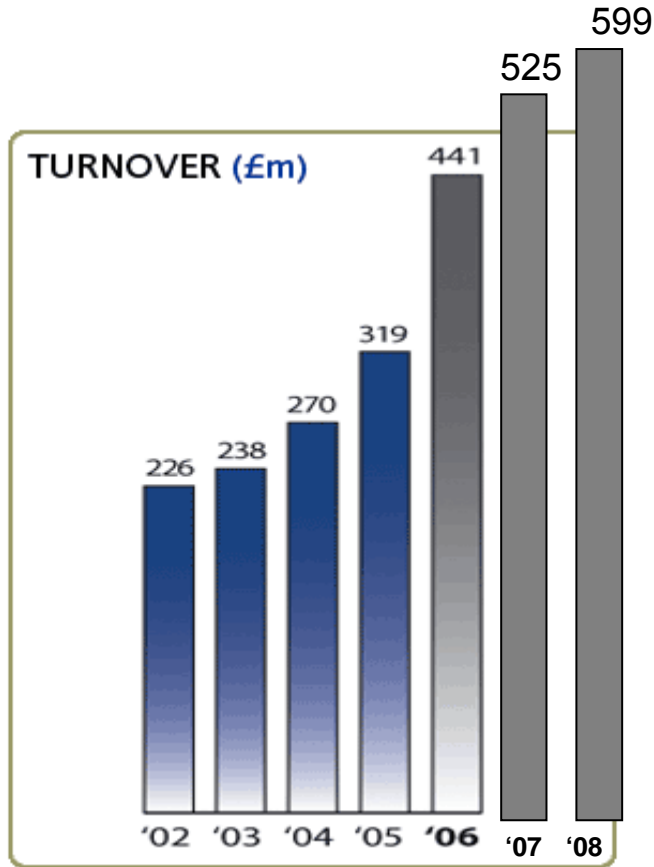
	Kerr Farms	Highland Premium Alberta Beef Alliance	Laura's Lean Beef
Prov.	Ontario	Alberta	Alberta, ON, USA
Business model	Value chain	Value chain	Value chain
Race	Angus		Mostly Limousin
Feed	Grain and silage in Winter, grass in Summer	Certified GMO-Free grain and silage	Preferably GMO-Free grain and silage
Feeding	Field	Feedlot	Feedlot
Codes of practice, animal well-being	Yes	Yes	Yes
Dominant marketing pitches	Health/ nutritious	Animal care/ Sustainability	Lean/natural/ safe/ Family farm network
Product availability	Many POS in Ontario including Sobeys & Costco .	Many POS including Safeway and many restaurants. Available from BC to Ontario.	Around 6500 POS in 47 States and in Canada. Sales 2008 (est.) : 150 millions \$US

Cranswick Plc (UK)

Tenderlean Project

- Value chain = a genetics company, pork producers and a processor.
 - Goal = A «more tasteful» pork product (male Hampshire - male, Landrace - female).
 - Special handling and processing techniques.
 - Marketed under «*Taste the Difference*» (Sainsbury's private label) as a premium product.
- = Huge success!!!

Cranswick Plc: involved in multiple value chains since 1998



Source: www.cranswick.co.uk

The benefits of value chain management

- Pooling of expertise
- Enhances response-to-market capability, market access and financial stability;
- Speeds up specific assets/ unique product creation and secures constant supply
- Helps to curb down production costs;
- Gather knowledge and state-of-the-art abilities
- **Aim : Develop hard-to-copy products and process = Competitive advantage**

Value chain management challenges

- A big change in business mindset is a must.
- Less freedom and independence – you are not alone. Must be ready to share control of business.
- Decision-taking can be long since there are more people involved.
- Share knowledge than was exclusive up till now.
- Must be careful not to let power games set in between partners. Governance rules must be determined early on and strictly followed.

Management and value-adding

- What can we do to create value ?
 - Hard to copy?
 - That *really* meets consumer expectations?
 - How can we communicate *skillfully* our product specifications to consumers?
- Which relationships are most valuable in order to create or maintain value ?
- Where are we losing value along the way ?



An increasingly popular business model

- Favors:
 - All types of innovation
 - Operations optimization
 - Competitive advantage creation
- Instead of one business competing with another, we will see networks or value-chains competing one against another.

Value chain resources

- Quebec Value Chain Initiative (FDTA)
- Canadian Value Chain Network
- MAPAQ, TRANSAQ
 - Programs, financial support
 - Marketing, market studies
- MDEIE
 - Best practice, training tools
 - Financial support, programs
 - Trans-tech Network: innovation for SME
 - Projet 9
- CLD, SADC
 - Business plans, financial support, advice.