



# March 2010 Update for Store Boards

## Looking back

Since the ten founder stores set up NetworkGrain in November 2008 it has increased to thirteen stores today. Storage capacity of the network has grown from 580,000 tonnes in 2007 to 740,000 tonnes an increase of 28% with store throughput increasing at a similar rate so that today over a million tonnes of crop are processed, stored and dispatched. Stores continue to grow and attract new members.

We set ourselves the target of producing a set of store protocols that would augment (not replicate, duplicate or replace) the existing set of assurance standards that are used by the stores and accepted by the industry generally. Collectively we refer to these standards as "The Pledge" and these have been developed with a view to demonstrating to end consumers that the network will provide the highest standards of food safety and traceability. The message to customers is to "deliver what you want when you want it". All in all much has been achieved and although there is still a long way to go the winds of change blow favourably towards central storage. Mostly this is because the scale of farming today demands it but also, as was aptly demonstrated at the NetworkGrain storage conference in November, because it offers valuable benefits to end users.

## Moving forward

The big pay-off for all of the hard work that stores have contributed to the Pledge will be delivering value by finding customers who value the central storage offer. NetworkGrain are working closely with Openfield to develop a strategic approach that will deliver commercial benefits to the stores.

After a productive meeting in January when the NG board met to discuss the strategic priorities for NetworkGrain they will meet again in April to agree the workplan for the coming year. In addition to the commercial priority these are the main aims for the network in the next twelve months:

- Member stores should all meet the standards set out in the NetworkGrain Pledge
- To establish a programme of skill development and induction for new store employees
- To ensure that the benefits of the Network and central storage is communicated to customers, Openfield, the stores and their members.

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- Generally encourage information and knowledge sharing between store managers that will lead to improvements in efficiency and effectiveness. Including benchmarking, surveys and manager workshops.

## Pledge Requirements

Across the thirteen stores within the Network the level of compliance with the Pledge standards is generally good with only a few areas requiring attention. Each store has been visited and areas of non-compliance identified. It is reassuring that the majority of items that need to be addressed are relatively minor. The five most frequently observed non compliance areas are set out below.

- Introduce a set of policies to reduce the environmental impact of the stores activities
- Ensure contractual information is available prior to load dispatch. Establish procedure with Openfield
- Ensure Directors validate the store is clean and tidy
- Ensure Openfield carry out internal audit
- Ensure reasons for load rejection is recorded

All stores have recently been subject to an internal lab audit and there are a number of follow up actions relating to this which are being picked up by Richard Denton and will be discussed at the forthcoming manager meeting.

## Store Developments.

The impressive growth across the Network continues with projects again underway. The major development for 2010 is the radical new infrastructure & another 17,000 Tonnes of capacity at Woldgrain Storage in North Lincs. Other major build in progress is the second 7,000t phase of the ongoing development of Wiltshire Grain with both having secured 100% new member commitment for the new capacity. Further silo / flatstore construction looks imminent at both Camgrain APC, Weald Granary and Kernow Grain. Hampshire & Union Grain are both evaluating plans for forthcoming harvests.

Securing planning permission for new sites still remains a significant obstacle and we need to consider how we can raise this issue up the national political agenda to at least speed the process up. With sites secured at both Kettering and Montrose planning negotiations are going in the right direction. Support from new members for both of these are excellent and Openfield are fully committed to

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making them a reality . Looking further ahead options on two other suitable sites are now being considered to compliment geographic coverage.

The proposed merger of Arable Crop into Camgrain should, subject to member agreement, take place in readiness for harvest 2011. Not only will this deliver significant cost savings to Arable Crop members but will also provide for an extremely efficient supply chain solution for all growers across the entire Midland region through storing the most appropriate commodity at the right store. This will be aided further when the Kettering development comes "on stream" but in the interim and subject to planning consent new infrastructure & another 20,000t of capacity will be added to the Stratford site for 2011.

## Project Juno

Whilst the visible development is clear to see with lots of new storage and ever larger driers it just as important that the business systems that stores use are compatible with those of your marketing partner Openfield. As a legacy of the Centaur and Grainfarmers merger Openfield has run two IT platforms to execute the business operations. Obviously it is illogical to continue like this and so a significant investment has been set aside to develop a single IT platform. The development, which has been named Project Juno, is also being used as a springboard to re-define & document best practice work processes backed up by training & development of Openfield staff so they are fully equipped to deliver the services required by all. The Phase one update of the IT Platform is targeted to be operational by July.

The central storage aspect of Juno is a key priority with the specific objectives:

- to review, develop and implement processes and procedures to ensure Openfield delivers the required service to the network of Central Stores.
- to eliminate any unnecessary duplication in data processing/handling between Openfield and stores.
- to reduce rekeying thereby improving the accuracy and timeliness of information
- to clarify roles and responsibilities for all areas of Central Stores,
- to ensure stock reconciliation takes place in a correct and timely manner.
- to put in place simple and robust interfaces with the various stores stock/weighbridge systems
- to improve communication within Openfield and to the individual store business'.
- to ensure there are appropriate measures in place for all parties to review and drive the Central Store business forward.

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To date Openfield have process mapped 75% of the stores which has identified over 100 separate issues. These have been analysed to determine whether they can be solved by business structure, business processes or IT systems. All of the issues will receive attention, some being solved for harvest 2010 whilst others are more complex and will be tackled post harvest.

A new process has now been built & key internal decisions within Openfield are being made on the business structure together with roles & responsibilities. Ongoing work is reviewing how the stores IT systems can be interfaced with Gold to reduce duplication and make the business process more accurate and efficient.

Progress will be reported at various store Boards & at the forthcoming managers meeting & Network Grain Board in April.

Key personnel involved from Openfield are Jim Hotchin (Logistics Director), Richard Jenner (Director of Marketing), Graham Lacey (Commercial Director), Alan Murray (Finance Director, Marketing), Rob Sanderson (Head of Central Stores) & Sarah Bell (Juno Team leader for central stores).

## Benchmarks

A benchmark report has been completed for the 2008 harvest 2009 year end. This has been circulated to store managers, store chairmen and the NetworkGrain directors. Please let us know how useful this is to you and any suggestions you have to improve the information we provide.

- Stores sold a total of 105,000 tonnes of space with a value of £9.8mn
- Energy costs for drying grain doubled
- Store productivity increased, on average, by 30%

## Diary Dates

22<sup>nd</sup> April Store manager meeting –Covering Systems, Pledge and Training -9am until 3pm at Camgrain APC

29<sup>th</sup> April: NetworkGrain<sup>UK</sup> Board meeting at Aberdeen Grain

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