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서구 농협의 10대 성공사례(I)

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<요 약>

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< 요약 >

- 이 글은 영국의 농업·식품 연구기관인 EFFP(English Farming & Foods Partnerships) 보고서를 번역 정리한 것으로 주요 내용은 사례조합의 설립, 조직구조, 판매전략, 성공요인 등에 대한 분석임
- 이 글에서 소개된 서구 농협 성공사례의 주요 특징
 - American Crystal Sugar Company(미국) : 1973년 사탕무 생산자 조직이 주식회사를 인수하여 설립한 협동조합. 별도의 배당금 지급이 없으며 출하량에 비례한 프리미엄 지급. 폐쇄형 조합원제도와 주식거래의 허용
 - Friesland Coberco Dairy Foods(네덜란드) : 치즈 시장에 관심을 가지고 있던 4개 조합(Friesland Dairy Foods와 Coberco, Twee Provinciën, Zuid Oost Hoek)이 합병하여 1997년 말에 탄생. 시장 평균가격을 기준한 원유가격 책정, 주식 보유지분에 의한 수익배당, 투표권 없는 B형증권 발행
 - The Greenery bv(네덜란드) : 96년에 9개의 경매농협이 합병하여 탄생한 유럽최대의 청과도매회사. 소유와 경영의 분리, 광역합병과 민간기업 인수, 알선중계에 의한 계약판매, 개별지분증권 발행과 출하액비례 출자의무제
 - Limagrain(프랑스) : Auvergne의 600여 농업인을 조합원으로 한 협동조합. 지주회사 산하에 여러 자회사를 두고, 육묘, 종자생산에서 제빵제품까지 수직 계열화. 연구개발에 집중투자를 하면서 분권적 조직구조를 채택하여 세계화에 성공함
 - Ocean Spray Cranberries Inc(미국과 캐나다) : 크랜베리와 그레프푸르트 채배 농업인이 조직한 협동조합. 다양한 제품과 포장기술 개발, 혁신적 경영으로 과즙음료 시장의 선두기업이 되어 높은 브랜드 가치를 만들었음

1. 머리말

- 이 글에서 소개된 국제적 협동조합들은 우리나라의 협동조합의 미래경영 비전의 수립에 도움을 주고 이정표가 되어 줄 것으로 기대되며 조합과 조합원에게 몇 가지 중요한 시사점을 제공하고 있음
 - 최근, 협동조합들은 다른 기업들과 마찬가지로 경쟁이 심화된 복잡한 시장환경하에서 많은 어려움과 도전에 직면하고 있음
 - 따라서 이 사례연구는 서구의 선진 협동조합의 경영성과와 효율성, 지배구조, 자본조달, 판매전략 등에 대해 고찰하는데 목적이 있음
- 새로운 시장개척을 위해 규모화와 국제화를 추구하는 협동조합
 - 소개된 사례 협동조합들은 세계적인 규모의 글로벌 협동조합이므로 수출을 통한 매출확대를 판매사업의 핵심으로 추진하고 있음
 - 따라서 조합경영자들은 더욱 더 국제적인 사고방식으로 정신무장을 할 것이 요구됨
- 상호협력과 지원을 도출하고 시너지효과를 극대화하는 협동조합
 - 각 사례조합은 합의된 미래의 비전을 공유하며 시장지향적인 장기적 계획을 수립하고 조합원과 주주 및 정부의 참여와 지원을 유도하고 시너지효과를 발휘함으로써 현재의 성공모델이 됨
- 조합원의 참여확대를 위해서는 조합원과 소통이 필수적임
 - 장기적 목표달성을 위한 조합원의 참여와 의무이행의 확보는 협동

조합의 사업성공을 위해 필수불가결하며 이를 위해서 조합은 조합원과 대화채널 확대, 조합의 경영전략에 대한 홍보와 피드백활동을 위해 많은 시간과 자원을 투자해야 함

□ 사례 협동조합의 핵심 성공요인은 시장이 원하는 농산물을 생산하고 부가가치를 창출하는 것임

- 변화의 폭이 커지고 경쟁이 심화되는 글로벌 시장환경에서 생존하고 번성하는 능력은 시장의 요구에 반응하는 능력에 정비례함
- 미국의 신세대협동조합은 부가가치 창출과 조합원에 대한 환원확대를 위해 설립된 좋은 사례이며 이들은 또 복잡한 시장의 수요를 충족하기 위해 수직적 통합을 지속적으로 추구하고 있음

□ 조합과 조합원의 상호편익의 실현을 위해서는 의무와 계약의 이행이 필수적임

- 조합의 사업경영이 실패하고서는 조합원의 편익도 개선되거나 증가되기를 기대할 수 없음
- 급변하는 시장환경에서 협동조합이 일반 기업과 경쟁하며 보다 더 나은 성과를 달성하고 조합원의 편익을 추구하며 지속가능한 경영을 하기 위해서는 고객만족의 극대화를 통해서 고객의 선택을 받는 기업이 되어야 함
- 이러한 공동목표를 달성하기 위해서는 상호간 계약과 의무의 철저한 이행이 선행되어야 할 뿐만 아니라 상호협력을 통해 고객이 원하는 고품질상품을 생산하고 우수한 서비스를 제공해 나가는 길 뿐이라고 주장하고 있음



2. American Crystal Sugar Company

: 주식회사에서 협동조합으로 전환

- ☐ American Crystal Sugar Company는 설탕 및 관련 제품 생산을 전문으로 하는 세계적인 농업협동조합
- ☐ 1970년대 초까지 주식회사였으나 사탕무 생산자들이 매입하여 협동조합으로 전환하였으며, 현재 미국에서 가장 큰 사탕무 생산자단체임
- ☐ 혁신적인 농업경영, 생산비 절감, 선도적인 마케팅 기법 등을 통하여 미국 최고급 설탕시장의 15%를 차지

☐ 혁신과 집중을 통한 주주이익의 극대화

- American Crystal은 설탕, 설탕 관련 제품 및 부산물 생산에 전문화된 농업협동조합
- 미네소타와 노스다코타의 약 3,000여 사탕무 재배농가가 주주로서 협동조합 소유
- 농업경영 혁신, 생산비 절감, 선도적인 판매기법 등을 통해 주주 이익과 소비자 만족의 극대화 추구
- 세계에서 가장 효율적이고 혁신적인 사탕무 가공회사 중 하나로, 지역경제에도 크게 기여

- 현재 미국 최고급 설탕 생산 및 판매시장의 약 15%를 차지하고 있으며, Crookston, East Grand Forks, Moorhead, Drayton, Hillsboro, Sidney 등 6곳에 설탕공장을 보유

□ 농업인들에 의한 주식회사 인수

- American Crystal은 주식회사에서 협동조합으로 전환된 특수한 사례에 해당
- 1973년 경영이 악화된 American Crystal을 Red River Valley 사탕무 생산자 조합이 인수하여 협동조합을 설립하였으며, 당시 약 1,300명의 생산자들이 86백만 달러를 투자
- 뉴욕 주식시장에서 주식거래가 이루어지던 주식회사가 농업인 소유의 협동조합으로 전환된 역사적 사건임
- 1979년 업계 최초로 사탕무 출하량에 비례하여 주주들에게 이윤 배분 실시
- 조합원들에 대한 별도의 배당금 없이 사탕무 출하단위당 장려금 지급

□ 신세대협동조합과의 비교

- 폐쇄형 조합원제도, 거래가능한 주식 등 신세대협동조합의 특징을 일부 가지고 있으며, 최초의 신세대협동조합으로 분류되기도 함
- 현재 약 3,000여명의 생산자 조합원들이 50만주의 주식을 보유하고 있으며, 주당 가격은 약 1,200~1,500달러
- American Crystal에는 총 15명의 이사가 있으며, 이들은 조합과

조합원들의 관계에서 중요한 역할을 담당

- 신세대협동조합의 경우 이사들은 조합원들과의 관계보다 사업운영을 더 중시

■ 신세대협동조합(New Generation Co-operative) ■

□ 신세대협동조합은 1970년대 미국에서 협동조합 사업모델로 발달

□ 신세대협동조합과 전통적 협동조합의 주요 차이점

- 원료농산물보다 부가가치 상품 생산에 주력
- 조합원들에게 주식수에 비례한 출하권 부여
- 폐쇄형 조합원제도
- 회원주(판매권) 발행
 - 최초의 주식 가격은 협동조합이 필요로 하는 자본량에 따라 결정
 - 주식가격은 협동조합의 실적에 따라 시장에서 변동
 - 주식거래가 가능하며, 대부분의 경우 이사회 승인이 필요

□ 신세대협동조합과 전통적 협동조합의 유사점

- 1인1표제에 의한 민주적 통제
- 조합원들에 대한 이용고배당
- 이사회는 조합원으로 구성하며 조합원들에 의해 선출

□ 사업운영에 있어서의 이점

- American Crystal은 사업운영에 있어 저렴한 원료비용과 사탕무

가공에 적합한 기후 조건이라는 두 가지 큰 이점을 가지고 있음

- 이 지역의 겨울 날씨는 저장중인 사탕무가 얼 정도로 추운데, 이런 추운 날씨로 인해 가공가능기간이 길어져 시설이용률이 높아짐
- 겨울이 따뜻한 지역의 가공가능기간이 약 130일 정도인데 반해 이 지역의 연간 가공가능기간은 약 250일 정도임

□ American Crystal Sugar Company의 합작회사

○ United Sugars Corporation

- 1993년 American Crystal, Minn-Dak Farmers Co-operative, Southern Minnesota Beet Sugar Co-operative 등이 마케팅 자원을 공동으로 투자하여 설립
- 1997년 플로리다의 설탕 생산회사 Unites States Sugar Corporation 이 네 번째 투자자로 참가
- 미네소타에 본부를 두고 있으며, 전세계 제과, 제빵, 시리얼, 유제품, 음료시장에 설탕 공급

○ Midwest Agri-Commodities

- American Crystal, Minn-Dak Farmers Co-operative, Southern Minnesota Beet Sugar Co-operative, Michigan Sugar Company 가 공동 출자하여 설립한 판매 협동조합
- 사탕무 과육, 당밀 등의 특산품을 판매

○ Sidney Sugars Incorporated

- American Crystal이 전액 출자한 자회사
- 4만 에이커에 달하는 사탕무 농장과 계약을 체결하고 있으며, United Sugars Corporation, Midwest Agri-Commodities를 통해 제품 판매

○ ProGold

- 노스다코타에 있는 옥수수 습식가공공장으로 청량음료나 식품제조에 사용되는 고과당 옥수수수럽 등의 감미료를 생산
- American Crystal이 51%의 지분을 보유
- 대부분의 자산을 카길사에 임대하여 운용

○ Crystech LLC

- American Crystal이 50%의 지분을 보유
- 노스다코타에 있는 당밀 디슈거라이제이션 시설의 취득, 건설, 자금조달, 운영 및 유지를 목적으로 설립

□ 실수요자 중심의 전략

- American Crystal은 공업용과 일반 소비자용의 두가지 설탕을 생산
- 공업용으로 탄산음료 및 통조림용 설탕, 액상설탕, 그래뉴당, 분말설탕, 갈색설탕 등을 생산하고 있으며, 이들 제품은 청량음료, 유

제품, 제과, 스낵 등 다양한 상품에 이용되고 있음

- 분말설탕, 그래뉴당, 갈색설탕 등 다양한 종류의 일반 소비자용 제품도 Pillsbury나 Crystal 또는 자체 브랜드로 미국 전역의 소매점에 공급

□ 향후 전망

- 최근 American Crystal은 경영개선 및 비전실현을 위해 보다 효율적인 생산체계를 구축하는 한편 사업 다각화를 지양하고 설탕 생산부문에 역량을 집중하고 있음
- 소비자시장에서의 우위를 차지하기 위한 브랜드 리뉴얼 및 포장용기 재설계
- 업계 최고의 기업을 목표로 미네소타와 노스다코타의 설비 확장
- 설탕 저장효율을 높이기 위해 설비수준을 높이고, Drayton 공장에 최신 설탕냉각기 도입
- 환경보전 노력의 일환으로 Moorhead 공장에 악취와 오염물질 통제를 위한 호수덮개를 설치하였으며, 다른 공장에도 오염방지시설의 도입을 계획중임
- 소비자, 식품회사, 학계, 통신매체, 행정당국 등과의 긴밀한 연대를 통해 설탕의 영양학적 사실을 알리고 설탕에 대한 부정적 인식을 개선하고자 노력

□ 시사점

- 생산성 향상을 위한 기술개발
- 혁신과 부가가치 창출을 통한 성장
- 판매 및 마케팅 기법
- 농업인(생산자)의 통제를 받는 협동조합의 성공 가능성



Friesland Coberco Dairy Foods

3. Friesland Coberco Dairy Foods :

네덜란드의 성공적인 낙농업협동조합 모델

- ☐ Zuivelcooperatie De Zeven Provinciën U.A., 협동조합은 Friesland Coberco Dairy Foods에 원유를 공급하는 낙농협동조합으로 낙농제품의 부가가치향상 통해 창출된 수익을 조합원에게 환원하고 있으며 조합과 조합원간의 열린 커뮤니케이션을 중요시하는 유럽 낙농협동조합의 대표적 성공모델임
- ☐ Zuivelcooperatie De Zeven Provinciën U.A., 는 Friesland Coberco Dairy Foods의 지분을 100% 소유하고 있는 세계 11위 규모(유럽 3위)의 낙농협동조합으로 11,500명의 조합원이 생산·출하한 51억kg의 원유를 고부가가치 상품화하여 매출을 확대하고 수익성을 개선시키는데 초점을 집중하고 있음

☐ 국제화를 추구하는 협동조합

- ccFriesland는 세계시장과 주로 영국에서 고농축 원유를 생산·판매할 목적으로 설립된 네덜란드 3위 규모의 협동조합이었으나
- 1950년대에 와서 동남아시아를 비롯한 세계 각국의 연합된 낙농조합들로 부터 거센 도전에 직면하여 매출액이 급감하면서 시장지

배력 확대와 생존을 위해 다른 조합들과 사업연합과 인수합병전략을 추진함

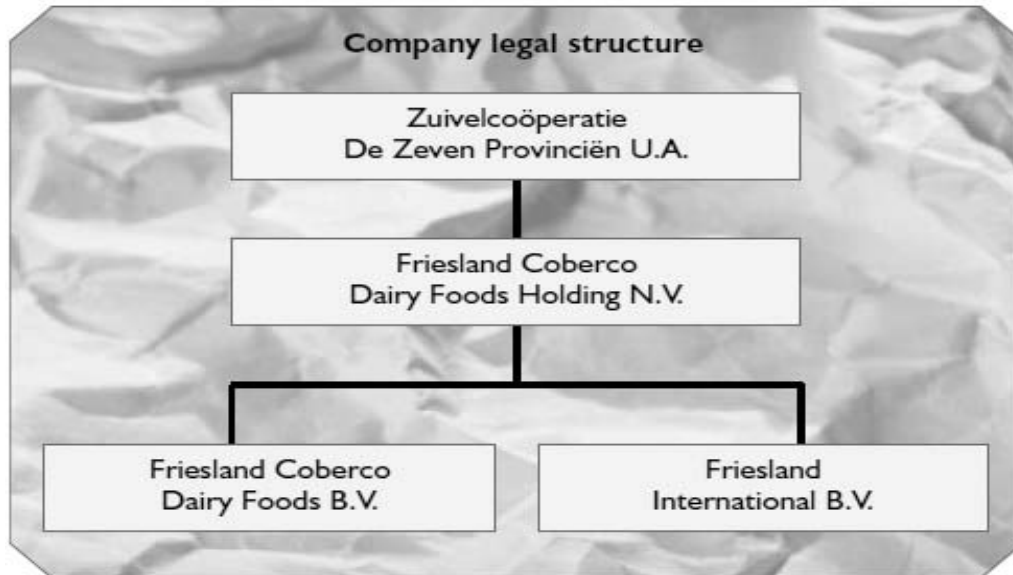
- 그 결과, 1984년에 나이지리아와 태국, 사우디아라비아, 레바논, 대만, 괌과 오키나와에 생산공장을 보유하고 있는 미국기업인 Foremost를 인수함
- 1984년 EU의 “원유출하량 할당제”가 도입되면서 네덜란드의 낙농산업도 구조조정이 탄력을 받아 1990년에 DMV Campina와 Melkunie가 합병하여 “**Campina Melkunie**”로 재탄생함
- 1990년에는 8개의 협동조합으로 구성된 Noord-Nederland 협동조합과 ccFriesland가 합병하여 Friesland Frico Domo Co-operative (후에 **Friesland Dairy Foods**로 개명)이 설립됨
- 1991년에는 네덜란드 동부의 낙농협동조합들인 Ormet, Hovo, Heino, deEendracht가 **Coberco**로 합병됨
- 1997년 11월에는 네덜란드의 4개 낙농협동조합 즉, Coberco, Friesland Dairy Foods, 소규모의 치즈가공 협동조합인 Twee Provincien과 De Zuid Oost Hoek가 합병하여 **Friesland Coberco Dairy Foods Holding N.V(FCDF)**가 설립됨
- FCDF는 당시 합병이 활발하게 이루어진 주요 원인으로 아래와 같은 요인을 열거하고 있음
 - 정책개발(CAP, GATT/WTO)에 따른 국가의 지원감소
 - 유럽시장의 통합
 - 유통업체의 시장 지배력 강화에 따른 규모화의 필요성
 - 조합원의 농가수취가격향상을 위한 노력

- 이러한 일련의 합병결과 네덜란드 낙농업은 원유생산량의 90%를 차지하는 두 개의 거대 조직인 FCDF와 Campina가 탄생
- 2002년 FCDF는 47억유로의 매출액(지역별 비중은 자국시장이 35%, 기타 유럽지역 33%, 유럽이외의 지역이 32%)을 달성하여 세계의 11위 규모(유럽 4위)의 낙농협동조합으로 성장
- 최근 FCDF의 사업전략은 수출확대와 수익성 개선으로 이를 위해 비용효율성과 차별화된 브랜드 상품 개발과 혁신에 초점을 맞추고 신흥 경제개발 국가로 시장개척을 추진하고 있음

□ Zuivelcoöperatie De Zeven Provinciën U.A., 협동조합의 조직 구조

- 모든 국내 영업활동은 FCDF B.V.,가 전담하며, 해외활동은 프리슬랜드 인터네셔널 B.V.가 수행함
- FCDF는 16,700명의 직원(이중 11,200명은 국외 파견)이 근무하고 있으며 서부유럽과 중부유럽, 서부아프리카와 동남아시아에 94개의 해외지사를 운영하고 있음
- FCDF는 탈지분유와 버터와 같은 전통적인 낙농제품에 대한 의존도를 줄이고 브랜드 상품의 매출을 확대하는 경영전략을 취하고 있으며 9개의 자회사와 11개의 부서에 의해서 수행되고 있음
- FCDF의 최근 경영전략은 새로운 시장을 개척하기 보다는 기존시장에서 지역별 특수성을 고려한 고객지향적 마케팅으로 시장점유율을 확대하는 것에 초점을 맞추고 있음

<FCDF의 조직 구조도>



- Zuivelcoöperatie De Zeven Provinciën U.A., 협동조합은 FCDF B.V와 Friesland International B.V의 지주회사인 Friesland Coberco Dairy Foods의 지분을 100% 소유하고 있음

□ 유럽의 대표적인 협동조합 성공모델

- FCDF는 De Zeven Provinciën U.A., 협동조합의 11,514명의 낙농 조합원으로부터 원유를 수매·가공(2002년 기준 51억kg에 원유를 가공)
- FCDF는 산업내 경쟁과 도전이 심화되면서 합병과 경영혁신을 지속하고 있으며 2002년 초에는 Dinkelland가 De Zeven Provinciën U.A.,에 합병됨으로써 원유공급량이 3천만kg 증가
- De Zeven Provinciën U.A.,의 조합원은 12개 행정구역에 거주하고 있으며 각 지역 조합원들은 8명의 지구위원을 선출

- 각 지구위원회는 2개의 장소에서 5월과 6월 사이에 조합원 회의를 소집하고 10월과 11월 사이에는 4개의 장소에서 2차 회의를 개최
- 네덜란드 협동조합위원회가 수행한 설문조사결과, 이 지구별 회의는 조합원들 상호간에 다양한 정보교환이 이루어져, 조합원들로부터 매우 유익하다고 평가를 받고 있는 것으로 조사됨

□ 조합원 조직 구성

- 각 지구위원회의 모든 조합원은 1년에 2회 이상 정기총회를 개최하여 신규회원원의 가입승인, 원유가격결정, 연차보고서 작성, 경영진의 임명, 5천만유로 이상의 투자결정 등의 주요안건을 의결
- 각 지구위원회 대표 12명은 De Zeven Provinciën U.A., 협동조합의 8명의 이사를 추천하는 회합(Platform)을 개최하여 이사를 선출
- 이사회는 조합원의 숙원사항과 원유가격 및 출하조건 등을 논의하며 감독이사회 이사를 겸직
- FCDF에 감독이사회 구성원은 12명으로 그 중 8명은 조합원 출신 이사이며 4명은 외부전문가임(8명의 조합원출신 이사들은 FCDF의 주주 총회에서 협동조합을 대표하여 투표권을 행사)
- 낙농가와 FCDF간에 중개역할을 하는 컨설턴트는 농장경영, B형 증권의 거래, 원유가격 산정, 품질관리 기술 제공, 조합의 경영전략 등의 광범위한 영역에 대해 상담 및 자문활동 수행
- A와 B형 증권은 원유가격이 급상승할 당시에 도입(A형 증권은 원유 출하량에 비례하여 소유하며 FCDF의 전체자산을 의미)되었으며

모두 상장됨

- 조합원은 투표권이 없는 B형증권을 자율적으로 구입할 수 있으며 조합원간 거래도 허용됨(이 증권은 FCDF의 인수합병과 주요 재정 조달에 수단이지만 외부 자본에 의한 종속우려가 있음)

<조합원 조직구성도>



□ 원유가격은 5개 조합의 평균가격을 기준으로 산정

- 조합원은 FCDF와 장기출하계약을 체결하며 조합원들은 5개의 유럽 낙농협동조합(Arla Foods, Denemarken, Belgomilk, Campina, Humana Milchunion and Nordmilch)의 평균가격을 기준으로 원유출하대금을 산정
- 3.5%의 단백질함량과 4.5%의 지방함량을 기준한 '02년 100kg당 원유가격은 35유로로 결정됨(5.4%의 부가가치세 포함)
 - 지방과 단백질의 가격은 시장 여건과 생산량에 따라 유동적임
- 공동정산제에 의해 품질등급별 정산이 이루어지며 조합원들은 품질관리규정을 준수해야 함(품질규정 위반에 의해 부과된 100kg당 0.04유로의 범칙금의 총합은 우수한 1등급 원유출하 조합에게 배당됨)
- 출하량에 대한 프리미엄은 없으나 조합원은 25만개 이하의 체세포를 유지해야 하고 위반시는 출하원유가격을 하향조정

□ FCDF의 경영수익에 비례한 배당

- 조합은 경영수익에 비례하여 조합원에 대한 배당(조합의 순이익 중 60%는 자본적립되며 40%는 조합주주들에게 배당, '02년 기준 5천만유로가 FCDF의 일반적립금으로 자본적립)을 실시
- A형증권은 원유출하량에 비례배당하며 B형증권은 투자액에 비례하여 배당(2002년의 A형증권의 주당 배당금은 2.97유로, B형증권은 5.94유로로 전년 대비 각각 3% 증가)
- CAP규정의 준수는 표본 조합의 가격지수를 하락시킬 수 있지만 농산물의 부가가치향상 전략으로 경영수익을 향상시켜 높은 배당을 지속적으로 할 수 있을 것으로 기대됨

□ 시장지향적 생산과 조직결집력을 강화하는 조합원간의 커뮤니케이션 활성화

- 모든 조합원의 발언을 허용하는 커뮤니케이션의 활성화로 조합원의 응집력을 높이고 상호 정보교환에 의해 생산기술의 향상과 시장지향적 경영을 추구하는 대표적 유럽협동조합 모델
- 이를 위해 조합원과 협동조합에 주요한 영향을 미치는 의제들에 대해 공정하고 개방된 민주적인 방식으로 상호토론을 지원함
- FCDF는 정보교환과 교육을 통해 품질규정을 준수한 원유출하를 하도록 함으로써 부가가치를 창출하고 이 수익을 조합원들에게 환원하고자 노력하고 있음
- 조합은 조합원들이 급변하는 시장과 소비자의 기호를 충족시킬 수 있는 생산기술정보와 전략을 제공하는 역할을 증진하고 있음

□ 시사점

- 효율적인 의사소통을 증진하는 역동적 조직구조 유지
- 대농들의 조합참여를 촉진하는 조합원 의견수렴활동 강화
- 가공사업의 고부가가치 창출을 통해 조합원에 대한 환원 증대
- CAP규정 준수에 따른 손실은 농산물의 부가가치향상 전략을 통해 보완



The Greenery bv

4. 그리너리 BV : 공동 목표 달성을 위해 조합원과 조합의 상호협력 극대화

- 그리너리(The Greenery bv)는 네덜란드의 원예협동조합(조합원 2,500명)인 Voedings Tuinbouw Nederland(VTN)가 전액출자한 유통전담 자회사로서 유럽최대의 청과도매회사임
- 그리너리의 경영목표는 고객지향적 생산과 마케팅, 품질의 안전성 보장, 고품질 농산물의 연중공급체계를 구축 등에 의한 고객만족 극대화를 통해 조합원의 출하농산물에 대해 최고의 수취가격을 실현하는데 있음

□ 시장변화와 도전에 효율적으로 적응하는 협동조합

- 그리너리는 1996년에 위기상황의 극복을 위해 전국 20개 경매농협 중 9개의 경매농협이 합병하여 탄생하였으며, 채소와 과일, 버섯이 주요 취급품목인 유럽 최대의 청과도매회사로서 아래와 같은 특징을 지님
 - 광역합병과 인수를 통한 사업의 규모화와 시장지배력 강화
 - 자회사(그리너리 bv)설립을 통한 판매사업 경영의 전문화
 - 조합운영 구조의 기업적 혁신
- 네덜란드의 경매농협은 1903년에 도매상의 시장지배력에 대항하기 위해 결성되었으며 1980년대 초까지 지속적 성장 구가

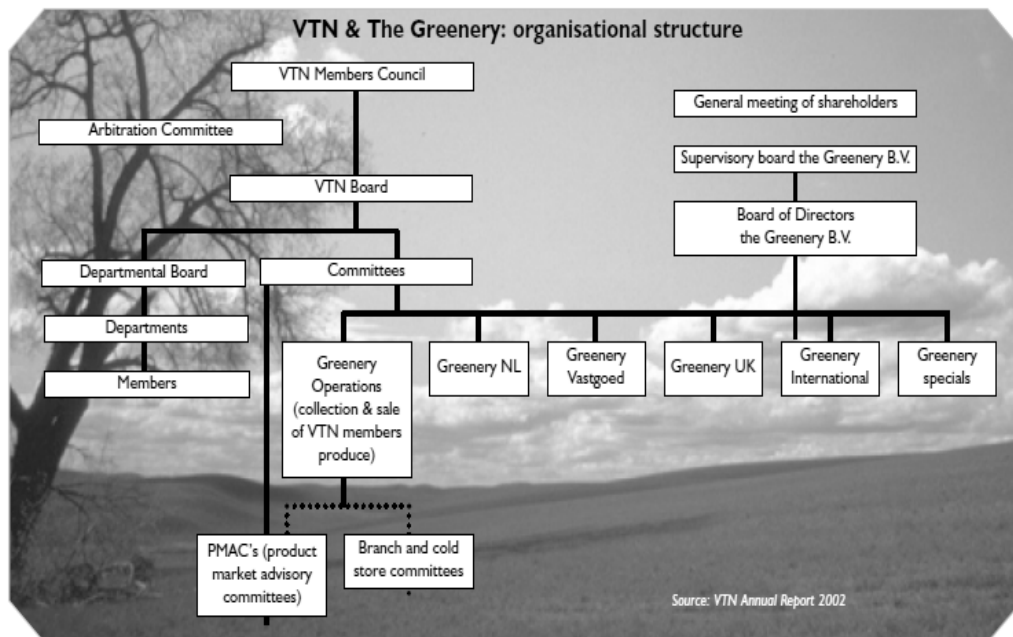
- 1980년대에 와서 선박 등 운송기술의 발달과 EU확대로 남미와 남부유럽 농산물의 수입증가로 위기에 직면함(대형유통업체가 소비 농식품 시장을 장악, 산지와 직거래를 선호하였고 도매업체들도 대형화되어 시장교섭력이 위축)
- 위기극복을 위해 1996년에 전국 20개 경매 농협 중 9개의 경매 농협이 합병하여 Voedings Tuinbouw Nederland(VTN)이 탄생하였고 자회사인 그리너리 유한회사(The Greenery bv)를 설립하여 판매사업을 전담토록 하는 새로운 경영모델 도입
- 그리너리는 1998년에 국내외 민간도매회사를 인수하여 전산망을 통합하고 판매력을 제고함으로써 만성 적자에서 흑자로 전환
 - ‘98년 3월 네덜란드 최대 청과도매회사인 Van Dijk Delft Group을 인수하였고 4월에는 영국 Perkins Fresh Produce사의 네덜란드 지사를 인수(이들의 연매출액은 12억유로이며 인수대금 4억유로)
- 이와 같은 산업의 구조조정은 고객지향적 경영과 규모화와 품질차별화를 통해 대형유통업체에 대해 시장교섭력을 제고하는 경영혁신의 차원에서 진행됨

□ 공동목표를 위해 협력하는 협동조합과 자회사

- VTN과 그리너리bv의 관계는 조합원들의 농가수취가격 제고와 경영수익 향상을 통한 조합원에 대한 환원확대라는 공동목표의 달성을 위해 상호협력을 극대화하는 것임
- 이를 위해 조합원출신 이사 7명이 자회사의 감독이사직을 겸직하

며(외부전문가 출신 이사는 3명) 조합원 의견수렴, 경영전략 수립
과 자본조달 등의 업무를 수행

<VTN과 그리너리의 조직구조도>



□ 소유와 경영을 분리하되 조합원의 의견수렴 채널은 확대

- 그리너리는 조합원의 의사를 적극 수렴함으로써 유대를 강화하고 조합원에게 소비자의 정보를 신속정확하게 제공
- 효율적인 공급망 구축을 위해 생산계획부터 소비에 이르기까지 상품과 정보의 흐름을 통제할 수 있는 전산망과 물류체계 구비
- 고객 주문정보와 조합원의 출하량 정보를 효율적으로 관리하여 공급량을 조절함으로써 농가수취가격 향상을 위해 공동 노력
- 출하량에 비례한 조합원예치금제도를 시행하여 시설투자를 위한

적극적인 자본조달에 성공(2002년 기준 조합원예치금은 58백만 유로로써 2001년 기준 49백만 유로 대비 18% 증가)

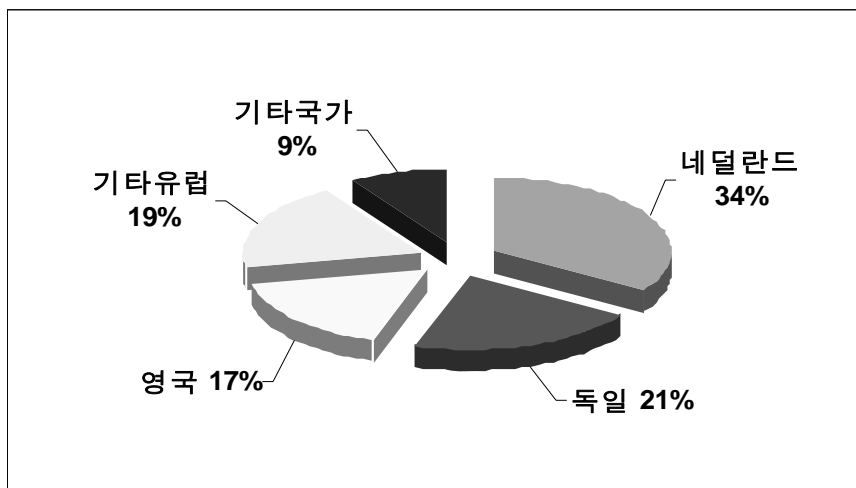
□ 국제화를 지향하는 협동조합

“국제화가 경영목표의 전부라고 할 수는 없지만 국제화 환경에의 부적응으로 인해 사업 성장을 방해받아서도 안된다”,

JA van Staalduine, VTN 조합장

- 유럽은 그리너리의 최대 시장이지만 비유럽지역의 판매량도 증가하고 있는 추세이며 브랜드 파워를 바탕으로 북미와 극동 지역, 특히 영국 등지로 판매망을 지속적으로 확장하고 있음

<그리너리의 국가별 매출액 비율>



자료 : 2002년 그리너리 연차보고서

- 2002년 그리너리의 매출액은 15억 유로를 기록하였고 순이익은 7.6백만 유로를 달성

- 그리너리는 주요 고객을 유럽 소매시장의 강자로 군림하고 있는 대형유통업체들과 식자재회사, 가공식품업체의 대형 소매점 등으로 설정하고 이들 소비자들이 “가장 선호하는 고품질 청과물 공급자”로서의 포지셔닝에 주력

□ 연중공급능력체계 구축을 위한 광역합병과 인수, 사업연합의 확대

- 그리너리는 인수합병과 합작투자, 전략적 제휴 등 신축적인 공급망 기반 마련을 통해 계절에 상관없이 다양한 농산물로 고객의 수요를 충족시킬 수 있는 연중 공급체계를 구축
- 최근에는 영국 농업기업인 Humber VHB(과일·채소유통회사)와 연합하여 영국에서 시장점유율 확대를 도모하고 있음

<그리너리 bv의 최근 주요 인수합병 현황>

인수합병 기업	기업 활동 분야
Minnaar	그리너리 그룹의 유통사업과 관련품목 수입업무를 담당하기 위해 합병. 영국의 대형소매점에서 채소와 과일, 유기농농산물 유통으로 그리너리의 입지를 강화하고 있음
Naturelle	유기농 농산물을 주로 취급하며 그리너리의 유기농 상품은 대부분“Naturelle”라는 브랜드로 판매됨
Fruitmasters	네덜란드의 과일경매를 전담할 목적으로 설립된 기업으로 그리너리와 Fruitmasters가 50%씩 합작투자함

- 그리너리는 유통업체가 원하는 품질과 물량을 충족하고 시장주도권을 유지하기 위해 해외 거래망을 60개 국가로 확장하여 1,350개 기업과 제휴, 비계절 농산물과 자국에서 재배되지 않은 품목의 수입과 수출 등 국제농업 마케팅을 강화하고 있음

□ 고객지향적인 마케팅을 위해 시장 조사연구활동 확대

- 그리너리는 주요한 소매 아울렛을 보유하고 있는 아래와 같은 유럽의 소매유통업체들을 핵심고객으로 보유
 - 영국 - Tesco, Sainsbury's, Safeway;
 - 독일 - Aldi, Wal-mart, Edeka, Tengelmann;
 - 프랑스 - 까르푸
 - 스칸디나비아 - Sabe;
 - 네덜란드 - Laurus, Ahold
- 그리너리는 네덜란드, 독일, 벨기에와 폴란드 등 주요 시장에서 자사상품에 대한 고객의 반응, 구매장소, 구매량과 품목, 구매행태 등의 시장종단분석을 확대하며 고객만족 극대화를 추구
- 그리너리의 경영목표는 “소비자들로부터 가장 신뢰받는 공급자”가 되는 것이며 이러한 경영목표의 달성을 위해 “Category management”를 대안으로 개발하고 있음

□ 전사적 품질관리와 홍보로 브랜드가치 제고

- 그리너리는 다른 식품회사와 공동 판촉행사, 스포츠 후원, 백화점 점두판매활동 등과 같은 마케팅활동을 통해 국내시장에서 브랜드 홍보에 주력하고 있음
- 이러한 영업활동은 2002년 설문조사결과에 의하면 성공적인 것으로 평가되며 네덜란드 국민의 2/3가 고품질, 신선·유기농 농산물로서의 그리너리 상표 이미지에 친숙해 진 것으로 조사됨
- 그리너리의 자회사인 그리너리 인터네셔널은 국제시장에서 고품질 농산물로서의 우수 브랜드 이미지 제고를 목표로 노력하고 있음

□ 조합원과 조합의 상호 이익증진을 위한 핵심역량 강화

- 그리너리는 조합원과 고객간의 정보교환과 의사소통의 증진이 소비자를 만족시킬 수 있는 고부가가치 상품의 생산과 성과향상을 보장할 것이라고 인식
- 또한, 다수의 소매상과의 관계개선을 통해 주요 유럽시장에서 그리너리의 시장지배력 강화에 초점을 두고 있음
- 물류서비스의 최적화를 위해 포장과 물류의 개선, 전문적 마케팅 지원, 품질보증과 정확한 원산지표시와 추적시스템 등의 향상에 최선의 노력 경주
- 효율적 공급망 구축의 필요성을 인식하고 그리너리의 물류와 유통 및 포장비용 감축을 위한 "Green House project"를 계속 추진

□ 시사점

- 협동조합과 자회사, 조합원이 공동목표의 실현을 위해 상호협력 극대화할 수 있는 조직구조 설계
- 고객만족을 극대화를 위해 조합원들이 주요한 역할을 할 수 있도록 지원하고 조합원의 기여도에 비례한 보상이 사업 성공의 핵심요인
- 조합원들과 장기출하계약을 체결하고 품질등급별 차등정산을 함으로써 품질향상을 유도하고 조합의 경영 안정성을 강화
- 조합원간 소통과 합의 등 피드백활동 확대가 참여를 증진하고 정확한 정보에 의한 유통전략 개선과 장기계획 수립을 가능하게 함



5. Limagrain : 협동조합으로서의 법적지위가 장기적 국제적 사업확장을 강화함

- ☐ Limagrain은 옥묘와 종자생산 회사로서 시장의 기대를 충족하는 주요 생산품을 개발하기 위하여 옥수수, 밀, 그리고 유채와 같은 식물 품종을 개량하는 새로운 방식을 끊임없이 연구함
- ☐ 장기적 관점의 전략에 중점을 두고 Limagrain은 최초의 종자개발과 유통 중심에서 벗어나, 제빵제품에 중점을 두고 식품산업 부문에서 통합적 공급사슬(supply chain)을 포괄하는 회사로 변신함
- ☐ Limagrain은 다국적 회사로 성장하였음에도 농업인과 최종 소비자 사이의 연계를 유지하는 기업 문화의 핵심으로서 협동조합적 가치에 충실함

☐ Limagrain의 태동

- 1942년 프랑스 농업인의 곡물 종자 생산을 위한 연합체로 출발하여 농업과 원예산업 부문의 세계 최대 종자 공급회사 중 하나로 성장하였고, 프랑스국립농업연구소(INRA)와 긴밀한 협력하에 옥수수 종자에 특화하고 연구에 막대한 투자를 함
- 1980년대 LG11 품종의 성공으로 사업범위와 사업지역 확산의 급속한 발전을 이루고, 독자 연구소 설립, 타 종자 회사 인수 후 연구

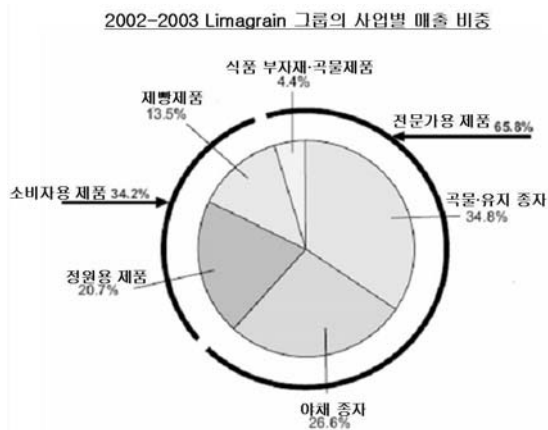
개발에 중점을 두면서 프랑스 최초로 대학 구내에 생명공학 연구 중심의 실험실 설립

□ 3개 핵심 사업분야에 집중하여 시너지효과 창출

- 식물 품종의 육묘 및 생산 회사로서 Limagrain은 농업 및 원예업 용 종자와 가정 정원용 종자를 판매하고, 식품 부재료, 제빵산업, 그리고 정원용 물품 분야에서 부가가치 있는 생산품을 제공하기 위해 기술적 노하우와 전문성을 추구함
- 옥수수과 밀 종자에서 세계 4위, 유럽 최대 규모로 유럽시장 선도자며, AgReliant와 합작사업으로 북미지역에서도 중요한 지위에 있으며, '02-'03 회계연도에 연결재무제표상 매출총액은 9억3270만 유로, 당기 순이익은 1,030만 유로임

- Limagrain의 3대 전략 영역

- 곡물과 유지 작물 종자가 전체 사업의 36%를 차지함. 재배용 종자의 개발, 판매 그리고 마케팅을 사업의 중심으로 하며, Anjou, LG 그리고 Nickerson 브랜드를 포함함



- Vilmorin Clause & Cie 브랜드로 야채 종자와 정원용 제품을 개발, 생산, 판매하는 부분이 전체 매출의 47%를 차지함. Vilmorin Clause & Cie 브랜드와 함께 Limagrain은 가정 정원용 종자에서 세계 최고이며, 전문 재배용 종자공급에서는 세계 3위임

- 곡물 식품부재료 및 제빵 제품: 가공제품이 전체 매출의 17%를 차지함. 2002년 Limagrain Céréales Ingrédients을 설립하여 프랑스 곡물 식품부재료 시장에서 강력한 위상 구축. 식빵과 제빵제품 생산 자회사인 Jacquet를 통해 Limagrain은 프랑스 제2위의 산업적 제빵기업이 됨

<Limagrain의 전략분야와 브랜드>

전략분야	브랜드
전작용 종자	AgriGold, Anjou, Great Lakes, LG, LG Seeds, Nickerson, Pride, Verneuil, Wensman
곡물식품 부재료와 제빵제품	Blé Or, Dafa, FCI, MCT, Pains Jacquet, Sofalia
야채 종자와 정원용 제품	<ul style="list-style-type: none"> • 전문 제품: Clause, Ferry Morse, Harris Moran, Hazera, Henderson, Kyowa, Marco Polo, Niagara, Nickerson-Zwaan, Tézier, Vilmorin • 정원용 제품: Numerous consumer brands including Abondance, CNOS, Carters, Clause, DM Ferry, Dobies, Ferndale Lodge, Ferry Morse, Freya, Gartenperle, Geissler, Scala, Source of Nature, Suttons, Top Green, Tézier, Vilmorin

□ 회사 명칭보다 브랜드에 집중함

- Limagrain 자체 브랜드는 재배업자 사이에도 거의 알려져 있지 않기 때문에 Limagrain은 인수전략을 통하여 개별시장에서 각각의 브랜드를 유지하면서 투자하여 이들 브랜드가 이미 가지고 있는 신뢰와 명성을 기반으로 여러 지역의 시장에 접근을 함
- 각 국에 고유 브랜드를 유지하는 것이 그룹 분권화 구조의 중요한 부분으로 자율적인 경영단위들이 개별시장에 적합한 마케팅 결정을 할 수 있으며, 세계적으로 사업을 하는 그룹의 구조에 유연성을 증대시킴

□ 사업구조: 협동조합 모형을 고수함

- Limagrain의 모회사인 Coopérative Agricole Limagrain는 프랑스 중부 Auvergne 지방에 600명의 조합원이 있으며, 협동조합이 100% 지분을 보유한 지주회사 중심으로 그룹을 형성하고 많은 자회사를 운영
- 이와 같은 구조로 글로벌 성장전략에 필요한 자본조달이 가능하며, 협동조합이 조합원과 비조합원 모두와 사업을 펼칠 수 있음

“협동조합이 지주회사를 갖는 것은 필수적입니다. 그렇지 않으면, 협동조합은 오직 조합원만을 대상으로 사업을 할 수 있을 뿐입니다. 프랑스에서 협동조합은 모두 협동조합정신에 따르면서도 다른 상업회사와 마찬가지로 상업적 운영을 하기 위해 사업과 연계된 자회사를 설립합니다.”

- Limagrain은 프랑스 농업이 상이한 이해관계자 사이에서 강력한 관계를 유지하면서 장기적인 발전을 할 수 있는 사업모형으로서 협동조합적 지위를 강화시키고 있음
- 불확실한 세계농업환경 속에서 협동조합은 농업정책과 시장조직상 중심 요소 중 하나로 Limagrain은 조합원과 조직구성원 모두가 공통의 비전을 공유하는 협동조합 모델이 미래를 위한 힘의 원천이라고 봄
- 그러나, 협동조합 모델의 지속적인 성공을 위해서는 모든 이해관계자들의 높은 수준의 참여, 적응, 지속성을 필요로 함

□ 협동조합 조합원으로서 경영층의 역할

- Limagrain은 협동조합적 접근방법이 경영층과 조합원의 강력한 참여를 확보하는 데 가장 중요하다고 믿으면서 1999년 이후 그룹 내

50명의 최고경영층이 농업인과 함께 모회사 자본의 소액지분권을 획득하여 협동조합의 조합원이 됨

- 이는 협동조합에서는 처음 있는 일로 그룹의 발전에 있어 비조합원 사업이 차지하는 역할을 공식적으로 인정하고, 혁신적인 “이중 이해관계자 협동조합 구조”를 만들어 냄
- 협동조합이 갖는 두 가지 주요 장점을 들면 다음과 같음
 - 장기 계획 중심:

“Limagrain은 진실로 장기 비전을 가지고 있습니다. Limagrain은 주식시장에서 일어나는 변화에 영향을 받지 않습니다. Limagrain은 전통적인 경제 지표와 성과지표에 바탕을 둔 전략을 가지고 있습니다만, 결정을 할 때에는 이와 같은 지표를 기업들과 같이 일주일마다 확인하지는 않습니다.”

- 이중적 협동조합/회사 경영:

프랑스 협동조합에서는 선출직 농업인의 제시하는 방향과 개별 운영단위의 일상적 운영 사이에 통상적인 연계가 있으며, Limagrain에서는 협동조합 이사인 선출직 농업인이 상업적으로 운영되는 개별 회사의 이사를 겸함

□ 전체 식품 공급사슬의 수직적 통합

- 농식품 분야에서 Limagrain은 다양한 자회사를 통하여 육묘부터 가공식품 제품생산(제빵)에 이르기까지 수직적으로 통합된 가치사슬을 만들고 생산의 효율성을 극대화 시키면서 제품의 원료 이력추적을 가능하게 함
- 농장에서 식탁까지 종자산업에 대한 Limagrain의 접근방법에 따라 Limagrain 그룹은 식품산업 회사들의 핵심 파트너가 됨

- Limagrain과 협력해서 식품회사들은 새롭고 혁신적인 품종을 개발할 수 있는 연구 프로그램을 실시할 수 있으며, 최종소비자의 욕구 충족을 위한 Limagrain의 작물 재배 기술과 노하우에 접근함

□ 연구개발에 대한 투자

- Limagrain의 연구개발 투자는 그룹의 육종역량을 확충하면서, 식물 품종개발에 활용되는 최신기술 확보에 중점을 두고 지속적으로 이루어짐
- Limagrain은 그룹의 국제적인 연구센터 네트워크를 통해 식물을 개량하고 부가가치를 높일 수 있는 자체 역량을 개발해 왔으며, 종자와 식물 개발을 위한 효과적인 연구를 위해 다른 기업과 협력에도 노력하여 자체연구의 다양성을 확보하고 폭 넓은 전문성을 활용할 수 있었음

□ 글로벌 성장과 위험 감축을 위한 협력

- Limagrain의 글로벌 확장은 부가가치 창출, 시너지 효과 생성, 리스크 분산을 위한 새로운 방식과 함께 이루어져 왔으며, 새로운 시장에 필요한 구체적인 요구사항과 함께 상이한 문화에도 적응하는 과제를 안고 있다는 점을 파악하고 추진함
- Limagrain은 분권화된 조직구조를 채택하고, 각 나라에 있는 개별 운영단위에 높은 수준의 자율성을 부여하면서, 전 세계에 자회사와 사무소를 운영하며 100개국 이상에 수출을 하고 있음
 - 1990: Royal Dutch Shell의 종자 회사 Nickercon Seeds 인수
 - 1996: 미국 종자 회사 Harris Moran, 프랑스 종자회사 Clause Group 인수
 - 2000: 독인 KWS와 50:50 합작으로 AgReliant 설립

- Limagrain은 글로벌 확장을 통해 연구분야에서는 유전자원의 다양성을 강화시키고, 상이한 시장에 제품을 적응시키며, 다양한 조건에서 새로운 재배기술을 시험하는 성과를 이룸

□ 미래 전략

- 전 세계적으로 사업을 전개하면서, Limagrain은 주요 시장에서 강력한 브랜드 위상, 연구개발 집중투자, 글로벌 확장에 대한 주의 깊은 태도를 통해 회사와 조합원의 위험을 최소화하면서 성공을 거둠
- 수직적 공급사슬 통합을 통해 소비자 수요변화를 인식하고, 신제품 개발을 통해 수요에 대응할 수 있었으며, 협동조합 구조를 통해 농업인 조합원과의 강한 연계를 유지할 수 있었으며, 글로벌 확장을 통해 프랑스 자국시장을 넘어 추가적인 이익을 거둘 수 있었음
- 추가적인 기업인수 가능성을 배제하지 않으면서, Limagrain은 사회사의 자체 시장에 대한 주요 의사결정의 자율성을 인정할 필요성과 협동조합의 이윤 확보 및 조합원 욕구 충족이라는 협동조합적 필요성 사이에서 균형 유지를 추구함

□ 시사점

- 한 시장에서 강한 국가적 브랜드를 발달시키면 소비자 확신과 명성을 얻고, 장기적 전략적 계획을 통해 집중과 참여를 유도함
- 수직적 공급사슬 통합으로 시장에 대한 지식과 이해를 증대시키고 소비자에게 부가가치를 제공하고, 연구개발에 대한 지속적이고 높은 투자를 통해 시장지향적인 혁신을 이룸
- 분권화되고 자율적인 조직구조를 개별시장에 적합한 전략개발이 가능해지고 운영상의 유연성을 증대시킴



Ocean Spray Cranberries Inc

6. Ocean Spray Cranberries Inc :

농업협동조합을 통한 다국적 브랜드 구축

- ☐ 크랜베리 재배 농업인 협동조합이 혁신을 통해 과즙음료 시장의 선두 기업이 됨
- ☐ 지속적인 신제품 개발로 경쟁이 치열한 시장에서 Ocean Spray는 성공을 유지하고, 오늘날 북미지역의 통입제품과 병입제품 분야에서 최다 판매 브랜드가 됨
- ☐ 최근 크랜베리 관련 산업이 어려움을 겪고 있지만, Ocean Spray는 백색크랜베리 주스로 시장을 활성화 하고, 크랜베리에 대한 소비자의 관심을 회복시켰음

☐ Ocean Spray의 출발

- Ocean Spray는 미국과 캐나다 전역에 있는 800명 이상의 크랜베리 재배 농업인과 126명의 그레이프푸르트 재배 농업인이 참여하는 농업협동조합임
- 1930년 매사추세츠와 뉴저지의 크랜베리 재배 농업인 3명이 생산품 판매 촉진을 목적으로 처음 결성하여, 변호사와 크랜베리 소스 전문 생산농업인들이 이끌었음
- 초창기부터 혁신을 추구하여 세계적인 브랜드로 성장하였으며, 1976년에는 주스 포트폴리오 확장전략의 일환으로 플로리다의 그레이프푸르트 재배 농업인을 협동조합에 참여시킴

- 오늘날 Ocean Spray는 북미지역 통입주스, 병입주스, 과즙음료 최대생산자로서 1981년 이후 통입제품, 병입제품 부문에서 최대 브랜드가 되었으며 전세계적으로 2,000명 이상의 직원을 두고 있음

□ 재무 상황과 이사회 구조

- 2002년에 Ocean Spray는 크랜베리 음료 시장에서 시장점유율 53.5%를 기록하며 매출액 11억달러를 달성하였으나, 최근의 크랜베리 산업의 곤란과 무알코올음료산업의 치열한 경쟁 상황으로 매출이 감소되었음
- 2003년 Ocean Spray는 이사회를 15명 조직에서 새로운 12명 조직으로 재편하였으며, 새로운 이사진은 조합원 이익의 증대, 회사 경량화, 브랜드의 시장지위 강화를 추구함
- 다른 협동조합과 마찬가지로 Ocean Spray의 최종 목적은 조합원에 대한 봉사로 이사진은 조합원에게 지속적이고 수익성이 있는 이익을 제공하며, 재배한 과일에 대한 일관된 처리를 보장하는 것이 목적임

□ 제품 혁신을 최우선으로 한 시장지배력 확보

- Ocean Spray는 협동조합이 제품을 성공적으로 판매하여 세계적인 브랜드로 성장한 주요한 사례로서 크랜베리의 건강 효과를 홍보하고 미국식 협동조합 전통을 마케팅하여 브랜드 가치를 높여 왔음
- Ocean Spray는 최초로 혼합과즙음료를 선보여 무알코올음료 시장에 혁명적인 변화를 일으켰는데 크랜베리 사과 주스가 새로운 맛을 첨가한 제품으로 성공한 대표적 사례임
- 브랜드의 성공으로 제품을 다양화하고 1976년에 플로리다의 그레이프푸르트 재배 농업인을 조합원으로 참여시켜 그레이프푸르트 주스

를 개발하였으며, Ocean Spray Red Ruby Grapefruit라는 과즙음료를 개발하여 지금까지 Ocean Spray에서 가장 큰 성공을 거두었음

- Ocean Spray는 선도적 시장지위를 유지하기 위해 새로운 포장 개념을 연구하고 적용하였음
 - 무균처리(aseptic) 포장기법을 도입하고, 1981년에 종이포장 주스 용기를 개발하여 ‘주스박스’를 선보였음
 - 유리병을 대체하는 과즙음료용 고품질 폴리에틸렌 테레프탈레이트(PET) 플라스틱 용기를 최초 개발하여 소비자용 포장을 개선
- 가당 건조 크랜베리, Ocean Spray 프리미엄 주스, 주스제품에 새로운 맛 첨가 등으로 크랜베리 제품의 범위를 확장하는 제품개발
- 2001년 백색 크랜베리 주스를 개발하여 Ocean Spray 역사상 가장 큰 제품혁신을 이룩하며, 전통적인 크랜베리 주스 소비자층인 비알코올성 음료중 건강우선적인 대안을 선택하는 성인고객에서 전체 가족원으로 고객군을 확대함
- Ocean Spray는 지속적인 제품 혁신과 포장 혁신을 통해 계속적으로 발전하는 브랜드라는 점을 부각시키고 미국에서 가장 성공적인 과즙 음료가 되었음
- 민감한 소비자들이 선택할 수 있는 다양한 대체상품이 있는 시장에서 동일제품을 세분화하거나 전혀 새로운 상품을 출시하여 신제품을 지속적으로 공급하는 것이 핵심적인 요구사항임
- Coca-Cola, PepsiCo 그리고 Cadbury-Schweppes과 같은 비알코올성 음료 산업의 거대 다국적 기업과 경쟁하기 위해 Ocean Spray는 지속적으로 신제품을 개발하고 출시해야만 함

□ 3대 핵심 분할시장에 집중

- Ocean Spray 제품의 시장은 개별 분할시장의 욕구에 맞추어 공급하는 과즙음료와 다양한 제품으로 이루어진 3대 핵심 분할시장을 포괄함
 - 소비자용 소매시장이 Ocean Spray의 최대 규모 분할시장이며 주로 과즙음료를 공급함
 - 레스토랑, 바, 카페, 호텔 그리고 병원 등에서 사용하는 제품을 공급하는 식품서비스업체가 또 하나의 주요 분할시장이며, 여기에 공급하는 제품에는 건조 크랜베리, 크랜베리 농축액, 퓨레, 가루, 가미 과일조각 등이 포함됨
 - 세계적으로 Ocean Spray의 건조제품을 사용하는 소매식품 제조 업체를 대상으로 하는 식품부재료 시장이 주요한 분할시장이며, 이를 위해 Ocean Spray Ingredient Technology Group 설립
- Ocean Spray는 제품혁신 뿐만 아니라 상표와 기술사용권 부여(licensing)와 같은 혁신적인 수단을 사용하여 세계적으로 사업을 확장하였으며, 2001년 중국에 진출한 것이 한 사례임
 - Beijing Huiyuan Beverage Group(北京汇源饮料食品集团有限公司)와 10년 약정을 통해 Ocean Spray는 Huiyuan에 Ocean Spray 브랜드와 기술 사용권을 부여하고, 베이징, 상하이, 광저우 중심지에 Ocean Spray 제품을 출시하는 것을 사업계획에 명시함

□ 점점 어려워지는 음료시장에서 경쟁하기

- Ocean Spray는 미국 과즙음료시장에서 시장 선도자이지만, 경쟁이 심화되고 있는 것을 절감하고 있으며, 지난 10년간 크랜베리 시장은 규모확대가 주춤한 상황이며 수요공급요인에 따라 가격이 폭락하기도 함

- 전통적인 크랜베리의 고가격으로 재배 농업인들은 경작지 개발에 장기 투자를 하였고, 크랜베리 주스는 다른 과일 주스와 경쟁이 심화되었으며, 소비자는 다른 맛을 선호하는 상황에서, 크랜베리 생산은 최고점에 이르고, 시장은 점점 포화상태에 이르러 1998/99년도에는 시장이 붕괴함
- 원료제품의 가격하락과 재배농업인 소득감소에 따라 Ocean Spray는 고객 선호 제품을 생산하고, 타사 경쟁 음료제품에 대응하기 위해 시장 활성화를 위한 제품혁신에 노력을 집중하여 백색 크랜베리 주스를 개발함
- Ocean Spray의 경쟁상대는 소비자 소매시장에서 모든 주스와 음료 생산업체들로 과즙음료 시장을 바라보는 Pepsi와 Coca-Cola 같은 탄산음료 생산업체뿐만 아니라 다른 주스 생산업체와 유통업체 자체상표 판매품과도 경쟁을 해야 함

□ 최근의 상황변화

- 2002년 Ocean Spray는 Nestlé USA Beverage Division과 장기적 전략적 운영 제휴를 맺고, 두 회사가 자신의 주스 사업에서 높은 품질을 유지하면서, 양측 모두 생산과 공급사슬의 효율성을 증대시킬 수 있게 됨
- 두 회사는 공급사슬의 처리과정상의 효율성을 높이기 위해 물류망을 공유하고 원재료, 포장재, 그리고 조달물품을 공동구매할 수 있게 되어, Ocean Spray의 혁신이 신제품 개발에만 머무르지 않고 독창적인 사업모델을 개발하는 것도 포함하고 있음을 보여줌

□ 협력: 미래의 성공을 위한 모델

- Ocean Spray를 협동조합에서 회사 기업으로 변경시켜야 하는지의

논의가 진행 중이며, 이는 소규모 협동조합이기 때문에 상대적으로 제한된 제품군만을 판매하고 이에 따라 훨씬 다양한 제품군을 판매하는 음료회사와의 경쟁에서 불리하다는 점에서 출발함

- Ocean Spray는 독립된 사업체로 남아있으면서 백색 크랜베리 음료와 같은 신제품으로 혁신을 하는 것이 최선의 정책이라고 판단하고 있음
- 백색 크랜베리 음료는 생산 첫해에 1억달러 매출을 이루었고, 백색 크랜베리를 늦여름에, 적색 크랜베리를 가을에 각각 수확하는 크랜베리 재배의 새로운 개념을 만들어 냄
- 백색 크랜베리와 사과, 백색 크랜베리 라이트, 백색 크랜베리 100% 프리미엄과 같은 신제품 출시와 새로운 맛의 개발이 일어나고 있으며, 미국내 성공에 이어 영국에서 그레프푸르트, 사과 복숭아를 첨가한 백색 크랜베리 음료를 시판하고, 호주와 같은 시장 진출도 추진중임

□ 시사점

- 제품과 포장 방법의 혁신을 통해 Ocean Spray는 성공을 이루었으며, 다양한 제품 포트폴리오를 통해 소비자 시장을 이해하고 소비자의 요구를 충족시키고자 함
- 신규 지역 시장에 진입하여 성장기회를 확대시키고, 합작기업 설립과 같은 대안적 접근방법을 통해 위험을 최소화함
- 효과적이고 효율적인 마케팅을 통해 침체된 산업에 활기를 불어넣고, 강력한 브랜드 개발을 통해 부가치를 창출해냄



Successful COLLABORATION in practice

Ten International Case Studies

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EFFP would like to thank Promar International and in particular Helen Grant for their help in the production of these case studies. EFFP would also like to thank DEFRA, the Farmers Fund and HSBC for sponsoring the research and publication of this report.

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American Crystal Sugar Company

MOVING FROM A CORPORATION TO A CO-OPERATIVE

The American Crystal Sugar Company is a world-class agricultural co-operative specialising in the production of sugar and related agri-products. It is owned by approximately 3,000 shareholders that produce sugar beet from a total of 500,000 acres in Minnesota and North Dakota. Existing as a corporation until the early 1970s, the company was bought by the sugar beet producers and converted to a co-operative and is now the largest sugar beet producer in the United States. American Crystal utilises innovative farming practices, low-cost production methods and sales and marketing leadership to produce about 15 percent of America's highest quality sugar.

Maximising shareholder return through innovation and focus

The American Crystal Sugar Company is an agricultural co-operative specialising in sugar and sugar based products and by-products. It is owned by approximately 3,000 growers in the Red River Valley of North Dakota and Minnesota. These growers are also the shareholders of the co-operative. The company's aim is to maximise shareholder returns and customer satisfaction through innovative farming practices, low cost production methods and sales and marketing

leadership. The last one hundred years has seen the American Crystal Sugar Company become one of the most efficient, innovative sugar beet producers in the world, as well as a vital contributor to the economy of the local area, Red River Valley.

The American Crystal Sugar Company produces and sells about 15% of America's highest quality sugar. The company operates six sugar factories in Crookston, East Grand Forks and Moorhead, Minnesota; Drayton and Hillsboro, North Dakota and in Sidney,

Montana, under the name Sidney Sugars Incorporated. Based in Bloomington, Minnesota, is the United Sugars Corporation, which markets American Crystal's sugar to retail and industrial customers throughout the United States.

Financial highlights

For the year ending August 2003 the American Crystal Sugar Company had revenues of US\$829.2million (£464.6million), an increase of US\$54million (£30.3million) from the previous year.

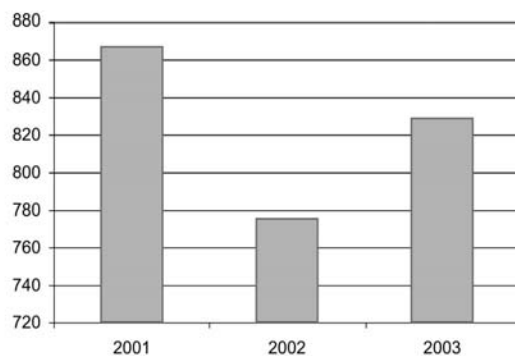
Growers take control of an established corporation

American Crystal Sugar is unique among co-operatives, having existed for many years as a private corporation. By 1973 American Crystal Sugar's owners had ceased to invest sufficient funds to keep the business competitive. Therefore the Red River Valley Sugarbeet Growers Association suggested that the company be sold to the growers, and the American Crystal Sugar Company, the co-operative, was formed from the American Crystal Sugar Company. The growers achieved this goal with assistance from local financial institutions. More than 1,300 growers paid US\$86million (£48.1million) for the company in shares. This made agricultural history – changing a major company, whose shares traded on the New York Stock Exchange, into a farmer owned co-operative.

Key learning points

- Development of new production techniques - increasing and improving production
- Growth through commitment to innovation and adding value
- Focus on sales and marketing techniques
- Farmer/grower control is not a barrier to successful development

American Crystal Sugar Company net revenues (US\$ million)



Source: American Crystal Sugar Annual Report 2003



New Generation Co-operative (NGC)

New Generation Co-operatives developed as a co-operative business model in the USA in the 1970s. While "traditional" co-operatives focused on supply of commodities, NGCs recognised that increased returns lay in processing and adding value to basic raw materials, and their businesses have developed with a focus on integration of the supply chain. The key factors differentiating NGCs from "traditional" co-operatives are outlined below.

- Focus is on added value rather than commodities.
- Delivery rights: each share entitles the member to deliver one unit of product
- Restricted or closed membership
- Membership shares (marketing rights)
 - The initial share price is the total amount of capital the co-operative wishes to raise, divided by number of units of product that can be absorbed by the facility.
 - Membership shares may change in value as the market determines the value of shares. The value will go up or down with the co-operative's performance.
 - Membership shares can be sold, usually with board approval. Members do not need to wait for redemption by the co-operative.
- New generation co-operatives, however, do retain some traditional co-operative principles:
 - Democratic control through a one member, one vote policy.
 - Excess earnings distributed among members as patronage refunds (dividends). Members may receive all or most of patronage refunds as cash.
 - The Board of directors is elected from the membership, by the membership.

Source: University of Wisconsin Centre for Co-operatives



Pictures courtesy of American Crystal Sugar Company



the co-operative, where all members play an important role in member relations. In the NGC model, board members are more focused on the operations of the business and less on member relations.

The co-operative developed and in 1979 became the first sugar beet company to pay shareholders based on how much recoverable sugar their beets produced. Members receive their share of profits through a premium paid per unit of beet delivered, with no separate dividend payment. The shareholder ownership allowed the co-operative to introduce a number of new techniques that dramatically reduced spoilage losses and so preserved millions of dollars worth of sugar.

New generation co-operatives: a model for greater returns

The American Crystal Sugar Company has some of the characteristics of a New Generation Co-operative (NGC) in that it has a closed membership and transferable shares. It was one of the first co-

operatives that could be classed as an NGC. There are currently some 3,000 member-suppliers who hold a total of 500,000 shares, valued at US\$1,200-1,500 per share (£672 - £840) in recent years.

However, American Crystal Sugar diverges from the NGC model in its corporate governance. A 15-member board leads

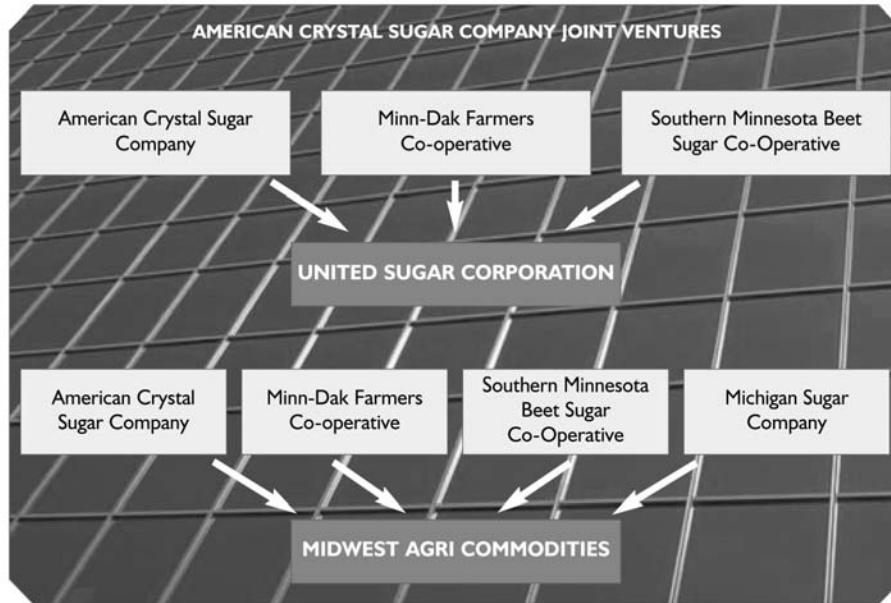
A unique source of competitive advantage

The American Crystal Sugar Company has become the largest beet sugar producer in the United States. This success can be attributed to two main areas of competitive advantage:

- Low cost beet;

“ American Crystal's success is a tribute to all the people who grow the crop, work the harvest and transform the beets into sugar and the communities where we work as well as the many customers who use our products ”

James Horvath, President and CEO



- Location in a climate that is favourable for processing sugarbeet. This advantage arises from the cold winters, which cause stored beet to be frozen during winter, therefore extending the processing season and maximising the use of capital equipment. The processing season extends to 250 days per year, compared with approximately 130 days in areas with warmer winters.

Focusing on strategic relationships

Through the course of the company's development, American Crystal Sugar has strengthened its market position through a series of strategic alliances with other farmer owned organisations. These alliances highlight the flexibility of American Crystal Sugar's relationship building skills, ranging as they do from marketing alliances to joint ownership, through to full acquisition of strategic players within the US sugar industry.

American Crystal Sugar Company joint ventures

United Sugars Corporation – In 1993, the American Crystal Sugar Company, Minn-Dak Farmers Co-operative, North Dakota, and Southern Minnesota Beet Sugar Co-operative, Minnesota, pooled marketing resources to form United Sugars Corporation. This year also saw the co-operative introducing Pillsbury Best, the USA's first national brand of sugar. In 1997, United States Sugar Corporation, a sugar producer in Clewiston, Florida became the fourth marketing partner of the US' largest sugar marketing organisation. With headquarters in Bloomington, Minnesota, United Sugars' customers are world leaders in the sugar confectionery, baking, cereal, dairy and beverage industries.

Midwest Agri-Commodities – These three companies, the American Crystal Sugar Company, Minn-Dak Farmers Co-operative, Southern Minnesota Beet Sugar Co-operative, plus Michigan Sugar Company then came together again to

form and jointly own Midwest Agri-Commodities, an agri-product marketing co-operative. Located in Corte Madera, California, Midwest Agri-Commodities globally markets sugarbeet pulp pellets, molasses and other speciality commodities.

Sidney Sugars Incorporated – operates as a wholly owned subsidiary of the American Crystal Sugar Company. The Sidney, Montana, sugarbeet factory was acquired in 2003 as part of a multi-factory transaction with Imperial Sugar Company. Sidney Sugars contracts about 40,000 acres of sugarbeets into the factory and markets its products through United Sugars and Midwest Agri-Commodities.

ProGold – is a corn wet-milling plant located in Wahpeton, North Dakota. The plant produces the sweetener high fructose corn syrup, an ingredient used in the soft drink and food manufacturing industries. The American Crystal Sugar Company has a 51% ownership interest in ProGold Limited Liability Company. Almost all of its assets are leased to Cargill Incorporated,



which manages all aspects of the operations of the facility.

Crystech LLC – American Crystal Sugar Company has a 50% ownership interest in Crystech, LLC, which was formed to acquire, construct, finance, operate and maintain a molasses desugarisation facility at the Hillsboro, North Dakota, sugar factory. The Crystech facility became operational in 2000.

Focus on large-scale end-users

The American Crystal Sugar Company produces sugar for both the commercial and consumer markets. The commercial sugar market includes bottlers' sugar, canners' sugars, liquid sugar, granulated, powdered and brown varieties. These are used in many commercial goods from soft drinks to dairy products, to bakery, to savoury snack foods.

The American Crystal Sugar Company offers the consumer market a full line of branded sugar products under the Pillsbury and Crystal brands, as well as private label sugar brands throughout the United States, available through the retail market. The product range available to consumers includes powdered sugar, granulated sugar, light brown and dark brown sugar.

Recent and future developments

In recent years the co-operative has undertaken a number of capital projects to improve operations and to help advance the vision of the co-operative, making it a more efficient producer of sugar and a leader in the industry. The decision was also taken to move away from plans to diversify the business, in order to focus on and build the core strength of producing sugar.

Brand renewal has also been important to the American Crystal Sugar Company, and it has redesigned its packaging to keep ahead in the consumer market. American Crystal believes its new look maintains the familiar Crystal Sugar logo, with the graphics enhancing the brand's attractiveness.

American Crystal's future strategic plan is to set goals to make it a top competitor in the sugar industry. To do this it has set out specific internal actions along with targeted industry and trade objectives. It has invested

in expansion of its Stephen, Minnesota and St Thomas, North Dakota piling stations, and has commissioned two new pillars for improved harvest efficiency at Bathgate, North Dakota and at St Thomas.

American Crystal has also implemented new strategies at factory level to enhance sugar-curing efficiency, and it has installed a new sugar cooler at its Drayton facility.

The co-operative is also keen to show its commitment to the environment by installing new pond covers at the Moorhead factory. These will control odours and emissions. Future developments include plans to install this facility at its East Grand Forks factory in 2004.

American Crystal's external agenda is to improve the negative image of sugar by working closely with consumer, food companies, scientific sources, media and government agencies so that the nutritional facts about sugar are more widely known.



Pictures courtesy of American Crystal Sugar Company



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Friesland Coberco Dairy Foods

THE EUROPEAN CO-OPERATIVE MODEL IS A CLEAR SUCCESS IN THE DUTCH DAIRY SECTOR

Friesland Coberco Dairy Foods, and its milk supply co-operative Zuivelcoöperatie De Zeven Provinciën U.A., is committed to improving returns to members through the development of added value dairy products. The company is a classic example of the European co-operative model, which places significant emphasis on the development of clear and open communication channels between members and the organisation.

The farmers' dairy co-operative, Zuivelcoöperatie De Zeven Provinciën U.A., is the sole shareholder of the holding company, Friesland Coberco Dairy Foods Holding N.V., which is the 11th largest dairy manufacturer in the world. The primary objective of the farmers' co-operative is to add value to the 5.1 billion kg of milk produced annually from its 11,514 farmer members.

Creating a co-operative business that facilitates international development

ccFriesland was founded in 1913 in the Netherlands as a third level co-operative, (a co-operatives' co-operative) whose sole aim was to produce and sell condensed milk on the international market, originally the UK, but which expanded further afield.



During the 1950s, ccFriesland experienced strong competition from locally produced recombined milk, primarily in South East Asia. As a result exports fell and the company was forced to co-operate with these local producers; this was followed by a strategy of acquisitions. One such key purchase was that of the US company, Foremost, in 1984, which had plants in Nigeria, Thailand, Saudi Arabia, Lebanon, Taiwan, Guam and Okinawa.

The introduction of EU milk quotas in 1984 also encouraged a major restructuring within the domestic industry. DMV Campina and Melkunie merged into Campina Melkunie in 1990 while Noord-Nederland, itself formed from eight co-operatives, and ccFriesland combined to form Friesland Frico Domo Co-operative (later renamed as Friesland Dairy Foods). A year later, many of the remaining dairy co-operatives in the east of the Netherlands (Ormet, Hovo, Heino, de Eendracht) linked up with Coberco.

The basis of Friesland Coberco Dairy Foods Holding N.V. (FCDF) today occurred in late 1997, with the merger of four Dutch dairy co-operatives, Coberco, Friesland Dairy Foods, and the smaller cheese producing co-operatives, Twee Provinciën and De Zuid-Oost-Hoek. According to FCDF, there were a number of driving factors which encouraged the merger, most notably:

- a reduction in state support, as a result of policy development (CAP, GATT/WTO);
- an increased focus on Europe while

Key learning points

- Ownership structure ensures systems and procedures for effective communication
- Effective communication - ensuring feedback to a large farmer membership base
- Relationship with, and return of, profits to members from processing
- Anticipated "buffering" effect of FCDF's value added product strategy, counteracting any reduction in the index milk price, following CAP reform

competition across the European market was intensifying;

- the need for scale and to capture economies of scale, to counter the increased power of retailers;
- continued pressure on the milk price paid to members.

This merger left the Dutch industry with just two major players (FCDF and Campina) who today account for over 90% of milk processed in the Netherlands.

With a turnover of €4,723 million in 2002 (£3,320 million), FCDF is now the 11th largest dairy manufacturer in the world and the fourth largest in Europe, in terms of volume of milk processed. Its highly developed international presence is such that just 35% of FCDF's turnover in 2002 was generated on the Dutch market (and down from 38% in 2001). A further 33% is derived from the rest of Europe while its activities outside Europe account for the remaining 32%.

Today the farmers' dairy co-operative, Zuivelcoöperatie De Zeven Provinciën U.A., is the sole shareholder of the holding company FCDF, which in turn holds all the shares in Friesland Coberco Dairy Foods B.V. and Friesland International B.V.



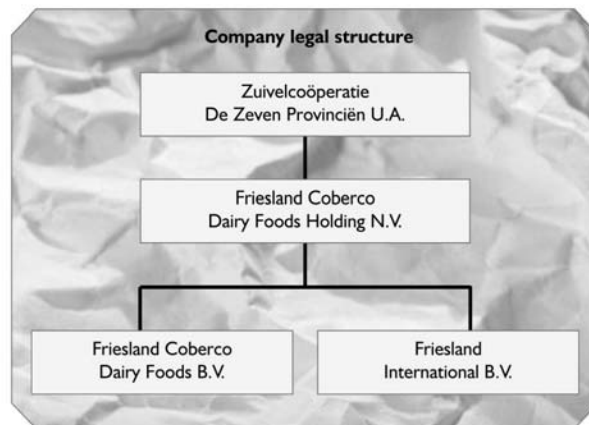
Company legal structure

All domestic activities are concentrated in Friesland Coberco Dairy Foods B.V., while all foreign activities are undertaken by Friesland International B.V. FCDF employs some 16,700 staff, of which 11,200 work outside The Netherlands, and it operates from 94 branches primarily located in Western Europe, Central Europe, West Africa and Southeast Asia. Within Europe, it is the company's policy to only process milk from De Zeven Provinciën U.A. FCDF's aim is to reduce its dependency on standard dairy products such as powders and butters, by generating a greater share of its turnover through branded products.

Highly brand and value added oriented, FCDF's activities are carried out by nine operating companies and eleven corporate departments. In Western Europe, operating companies are organised by product group. Outside Western Europe, activities directed towards consumers are conducted on a regional basis. FCDF's current strategy is focused on expanding its market shares in those countries where it already has a presence, rather than developing new market positions.

The European co-operative model

FCDF receives its milk supply primarily from 11,514 dairy farmers who are members of De Zeven Provinciën U.A. At the beginning of 2002, a further dairy co-operative, Dinkelland merged with De Zeven Provinciën U.A., giving an additional 30 million kg to the milk pool. The company processed a total of 5.1 billion kg of milk during 2002, a fall from 5.2 billion

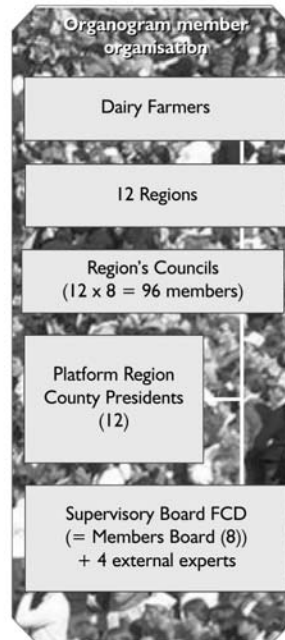


kg in 2001, reflecting the ongoing fall in the number of dairy farmers in the Netherlands (-3% in 2002). Primary production continues to consolidate and rationalise in the face of greater competition and industry challenges.

The members of De Zeven Provinciën are divided into 12 administrative regions. The members in each region elect a Council, each consisting of eight members. Members can only exercise their voting rights at these elections. A member can also be represented by a written authorisation. Each Council organises meetings for the dairy farmers in May/June at two locations in each region and again in October/November at four locations. A survey undertaken by the Dutch National Co-operative Council for Agriculture and Horticulture found that farmers across the total dairy sector found that these member meetings are very informative and valued.

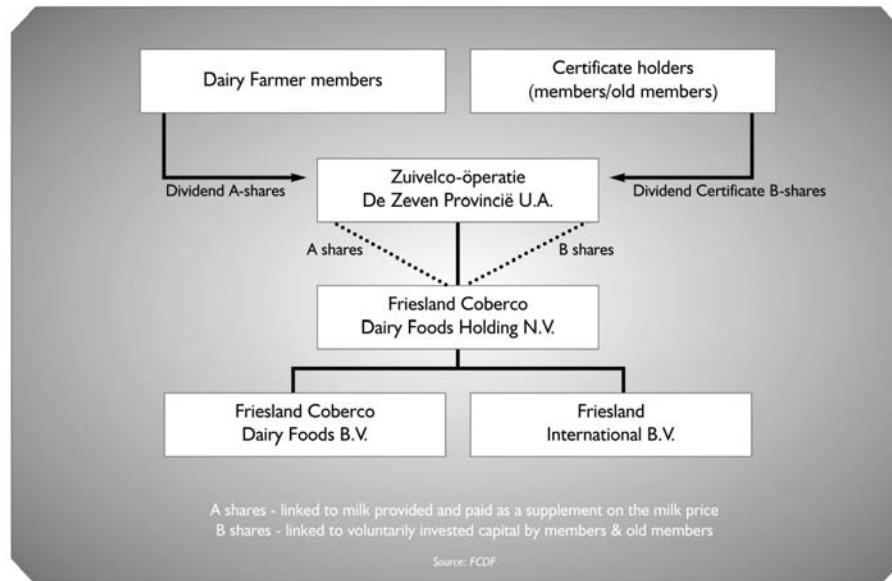
Organogram member organisation

All members of the region's Councils also hold a general meeting with each other, at least twice a year, the General Assembly. These meetings deal with internal policies such as admitting new members, approving the milk price calculation and the Annual report of De Zeven Provinciën, appointing the governing Board members and considering the



importance of proposed FCDF investments of more than €50 million (£35 million).

The Presidents of each region's Councils



form a so-called Platform, whose role includes proposing eight members to form the Members Board of De Zeven Provinciën. The Members Board deals with membership issues, the milk price and delivery conditions and also sits on the Supervisory Board. The Supervisory Board of FCDF has twelve members, eight of which are from the Members Board, while four are external commissioners. These eight members in effect exercise the voting right on behalf of the Co-operative at the general meeting of shareholders of FCDF.

The dairy farmers themselves have access to a breeding consultant, who provides the contact between the dairy farmers and FCDF. The consultant will not only discuss the farm's development, but a broad range of subjects such as the company's strategy, trading in B share certificates (see below), the milk price calculation as well as technical information relating to milk quality.

Two types of shares (A and B), both registered with the co-operative were

introduced at the time that the milk price was de-coupled from the company's results. Each member owns A-shares, the number of which relates to the volume of milk deliveries and the total number of A-shares denotes the total asset value of FCDF.

Members can also invest voluntarily in non-voting B-share certificates, which can be traded between members and old members (retired farmers) on an internal stock exchange. These have been offered or issued to farmers by a number of methods, particularly at times when the organisation has undergone a merger and as a means of raising additional finance. As with all co-operatives, the opportunity to attract capital is regarded as more limited.

These shares are one of FCDF's primary financial instruments but the uptake of such shares has not always been as high as hoped, compelling FCDF to turn to institutions to take out subordinated (unsecured) loans. To date, partly as a result of this B share initiative, the company has not needed outside investors

to finance its development plans but this may need to change in the future.

The final milk price is not dependent on the company's performance

The members of De Zeven Provinciën U.A. have a long term contract which guarantees the purchase of their milk by FCDF. Members are paid a price for their milk supplied, calculated by a fixed formula based on the average price of five European dairy co-operatives. The milk price is not linked to FCDF's results but is based on information taken from five index companies: Arla Foods Denemarken, Belgomilk, Campina, Humana Milchunion and Nordmilch. This system is regarded as somewhat lacklustre but is recognised for its impartiality by the farmer members.

In 2002, the final milk price set by De Zeven Provinciën was €35.04 (£24.63) (including VAT at 5.374%) per hundred kilos of milk, with a fat content of 4.461% and a protein content of 3.477%. Unlike most other payment systems, fat and



protein values are not fixed by the company, but vary during the year depending on market developments and/or expectations for product sales.

The basis for the calculation of the 2002 milk price is the milk price of FCDF in 1999. At the time this amounted to €31.47 (£22.12) (excluding VAT) or €33.34 (£23.44) (including VAT) per hundred kilos of milk. Converted to the current fat and protein levels this equates to €31.78 (£22.34) (excluding VAT) per hundred kilos of milk. The basis (excluding VAT) is multiplied by the average percentage change (index) of the estimated milk price paid out in 2002 in relation to 1999 of the index companies (adjusted to the average fat and protein contents and values in 2002). On the basis of the data currently available the index is 104.64%.

Producers are not offered premiums for volume of milk. Producers must maintain less than 250,000 somatic cell count or face milk price deductions. The quality payment is based on a pooling system whereby the sum of deductions for farmers who do not meet the quality criteria, is distributed to farmers who deliver first class milk. A quality premium of €0.04/100kg (£0.03) is part of the calculated milk price.

Although it is supplemented by a dividend dependent on FCDF's profit

In addition to the milk price, farmers also share in any dividend distributed by FCDF. From net profits, 60% is added to the reserves and 40% is paid to shareholders (the co-operative). In 2002, €50 million (£35.15 million) of FCDF's net profit of €84 million (£59 million) was retained to add to FCDF's general reserves.

The co-operative is entitled to dividends on A-shares, which are distributed to individual farmers in proportion to the milk supplied. This is not the case for B-shares, where dividends are allocated on the basis of share capital invested. The profits are distributed equally over the total number of A and B certificates.

In 2002, the dividend paid out on A shares increased by 3% to €2.97 (£2.09) while the dividend per depositary receipt for B



shares also increased by 3% to €5.94 (£4.18).

FCDF's aim is to pay 95% of the milk price on account and 5% as a supplementary payment. The supplementary payment in respect of end-of-year profits includes dividend A. This dividend is a percentage of the milk price paid in advance. The dividend payable on B-shares is excluded from the supplementary payment in the milk price comparison, because B-shares are not linked to the milk delivered.

With FCDF's milk price based on five EU dairy co-operatives, CAP reform (particularly the impact of the intervention price reduction) is likely to reduce the index price. But given FCDF's significant activities in value added products, it has the capability to maintain revenue levels, and push profits up. As a result farmers would receive a higher dividend, which could be interpreted as a price supplement for A-shares and a return on invested capital for B-shares. If profits are high, the price paid for B-shares increases. Such a policy will compensate for any future poorer performances by any of the five index dairy processors.

Communication increases the sense of ownership and allows market-focused production

The European co-operative model as demonstrated in this case study by FCDF is heavily focused on the development of communication channels that allow all members a voice. At first glance a



complex structure, it is a fair and democratic system that ensures that important issues affecting both the co-operative and FCDF are openly debated.

FCDF is committed to improving return to members through focus on added value activities requiring certain standards in terms of raw milk supply. Membership of De Zeven Provinciën ensures that members have access to information and knowledge that allows them to focus their own production strategies on market demand and guarantees a market for that product.

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The Greenery bv

GROWERS AND MARKETING ORGANISATION WORKING TO THE SAME GOALS

The Greenery has developed into one of Europe's leading suppliers of fresh produce and while it presents a corporate image to customers, it must not be forgotten that the company is the marketing organisation of Voedings Tuinbouw Nederland – a co-operative of some 2,500 producer-owned suppliers in the Netherlands. As such The Greenery's focus on meeting customer needs, through investment in marketing, investment in quality assurance and supply of high quality produce, all have one goal in common: ensuring the best prices to members.

Co-operation in response to industry challenges

The Greenery BV is one of the largest fresh produce producers and distributors in Europe, with particular focus on the vegetable, fruit and mushroom sector. The company is the result of the merger of nine fruit and vegetable auction houses and the Central Bureau of Dutch Auctions in 1996.

By the mid-1990s, a continued downward trend in turnover within the Dutch horticultural industry and the growing competition it faced from international players, particularly in Southern Europe, but also from Southern Hemisphere countries, such as South Africa and Chile (who could ensure year round supply to supermarkets through their complementary growing seasons), meant that the fragmented Dutch horticultural sector was finding it harder to remain competitive. The merger forced a re-think of the way the Dutch horticultural sector, as a whole, operated in terms of focusing on customer need and using its size to

offer a co-ordinated service to key customers. The key goal of the sectors' re-organisation was to strengthen the position of the Dutch produce industry in the international market, increasing its ability to compete in a market where customers (multiple retailers) were increasingly looking to streamline the number of sources of supply.

The merger of the Dutch auction houses represented a major reform of the Dutch auction system, and created an opportunity to exploit size as a market partner against the multiple retailers, and allowed a shift in emphasis from growers towards customers and consumers, a factor which required a change in the thinking of its many grower members. As a result of the industry re-structuring, two major organisations developed: on one side the

Key learning points

- The needs of the marketing organisation and the co-operative are aligned to create one overall goal
- Meeting customer needs is essential for success. Members are critical to this and must be rewarded for making necessary investments
- Member commitment is long term and has a role to play in ensuring financial stability for the organisation
- Member communication is a key area of focus, giving members various routes to influencing strategy and development, but giving the company vital information on supply, so improving planning capabilities

co-operative, Voedings Tuinbouw Nederland (VTN), owned by some 2,500 producer-owned companies that supply the fresh produce, and on the other, The Greenery, effectively the co-operative's marketing organisation.

Co-operative and company working to the same goals

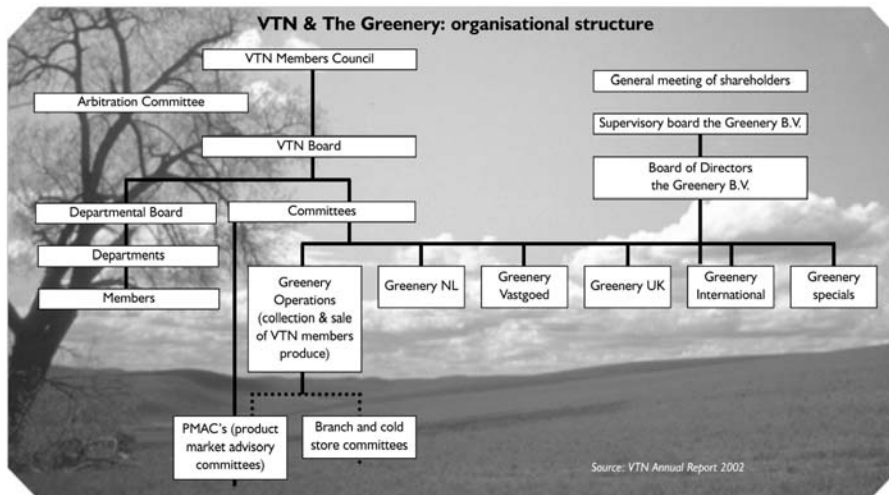
The relationship between the growers' co-operative, VTN and The Greenery is truly focused on developing mutual benefit. It is recognised within the two organisations that the development of one benefits, and so must not hinder, the other. In 2002/2003, for example, VTN re-structured its management model to that of a company, disbanding its Supervisory Board, due to the fact that VTN board members have also sat on The Greenery's Supervisory Board since 1999. In this way a perceived dual supervision of the company by the VTN has been eliminated, but members' ties to The Greenery are maintained.

It is well recognised that the co-operative and the marketing organisation are inextricably linked and so, mutually dependent.



“The Greenery's task is to give its affiliated members an insight into this market so that the entrepreneur, taking responsibility, can make the right choices”

JA van Staalduinen, Chairman of VTN
VTN Annual Report 2002



As a result, both VTN and the Greenery share the same common corporate goals:

- To realise the best possible prices for affiliated growers;
- To realise an adequate return on capital invested.

Further underlining the close relationship between the co-operative and the company, corporate governance practice ensures that the co-operative is directly involved in the development of The Greenery. VTN has a board of seven directors, all of whom sit on the Supervisory Board of The Greenery and focus their business on issues such as the company's performance, the composition of the Board of Directors, the policy on growers, strategy and the company's financing. The Greenery itself has a board consisting of three members

Commitment to managing the relationship between grower and marketing organisation

"As the very foundation on which the sales organisation is built, members must retain their ties with the organisation" JA van Staalduinen, Chairman of VTN

Both VTN and The Greenery see the maintenance of close ties between the co-

operative and the company as essential to success. Members have a number of points of contact with The Greenery, which are seen to benefit both parties. Along with the Annual General Meeting, the Members' Council and various committees, which allow the members to influence the development of the company, there are also direct links between growers and the marketing organisation developed through a formal relationship management process.

Key to the company's relationship management strategy is its focus on fostering ties between The Greenery and its members. Each member has a permanent contact person within The Greenery. Furthermore, close co-operation with the sales functions in the company, provides members with timely market information, while for The Greenery the close relationship with growers enables the company to access the most reliable supply forecasts, meaning that the best possible price can be achieved. The Greenery also interprets market information for growers, so allowing members to base their strategic decisions on accurate market knowledge.

For VTN, membership of the co-operative creates a proprietary relationship with The Greenery. While it is acknowledged that this relationship creates benefits (in terms of strategic planning, marketing information

and timely sales of produce), VTN is well aware that the relationship must also result in financial benefits for the grower-owner. Financial reward comes through various means, including the rewards of membership (best prices), provision of services at low prices (e.g. mobile telephones) and good returns on members' loans.

Members' loans strengthen The Greenery's risk capital and are an indication of both the advantages of the European co-operative model as well as the commitment of members. The Greenery's member loans totalled some €57.8 million (£37.65 million) in 2002, an increase from the previous year (€48.743 million (£29.85 million)). These sums consist of both mandatory and voluntary loans to The Greenery by VTN, underlining a commitment to the co-operative model on the part of growers.

Market internationalisation requires new co-operative ventures

In 2002, The Greenery's turnover totalled €1.5 billion (£98 million), with net profit generated of €7.647 million (£4.98 million). The Euro zone represents the largest share of The Greenery's business in value terms, however, as discounting becomes the key focus of retail activity, so these



markets will be increasingly challenging to work in. In contrast, sales to non-Euro zone countries, increased compared to the previous year and are key markets for development in the future. The UK of all the non-Euro zone markets represents the most important market for the company and much of The Greenery's activity is focused on meeting the needs of demanding key customers here.

VTN recognises that The Greenery is also developing as its customer base develops. The market for produce is an international market, with many potential sources of supply both in Europe and further afield. Many customers require year round supply of fresh produce, and seasonality is no longer an issue in giving consumers what they want. For customers, internationalisation means that this fresh produce can be sourced from a number of suppliers. However, multiple retailers are placing increasingly high emphasis on improving efficiency in the supply chain and many now wish to deal with the minimum number of suppliers. To meet this need The Greenery has links with suppliers outside the Dutch market, but VTN is aware of the changing market dynamic and has recognised that it, too, has a role to play in increasing The Greenery's ability to compete. Thus in 2003, the issue of internationalisation of the co-operative was put to members for debate and this is still on-going currently.

"Internationalisation cannot be a goal in itself, but sometimes can be necessary in order not to hamper the development of the business," JA van Staalduinen, Chairman of VTN.

Meeting changing customer need, however, requires members to change

their way of doing business as well. Just as the market now requires quality produce as a given, with quality assurance issues such as use of registration of crop protection methods used, personnel policy or waste policy, so growers need to make the investment required to achieve these standards. The Greenery sees its role as giving members insight into the changing market dynamic, so that each member, taking responsibility for his own business, can make appropriate choices, while for VTN, those grower-members prepared to make the investment to meet customer needs, must be rewarded accordingly.

Mergers, acquisitions and alliances develop year-round supply capabilities

While VTN is now discussing the potential need to internationalise, The Greenery has developed its year round supply capabilities through a series of mergers and acquisitions, joint ventures and strategic alliances, showing a flexible approach to building a supply base that meets customer demand for year-round supply of quality fresh produce.

The UK, being a key market for the company, has been a target of such expansion activities. Along with the acquisition of the Dutch company Minnaar, which is a leading exporter to the UK market, The Greenery has a dedicated UK subsidiary, Greenery UK, which targets UK customers from its two key operating bases in Thrapston (UK) and Maasland (The Netherlands). In addition, the company acquired UK supplier, Fresh Produce Services in 2001 to strengthen its category management activities.

More recently The Greenery has entered in to an alliance with UK farmer controlled business Humber VHB, to establish a stronger marketing platform in the UK. Humber VHB is a producer of protected salad crops and the two companies entered into a joint marketing arrangement in 2002 that links

production in the UK to a global supply of fruit and vegetables and marketing solutions.

A trading relationship has existed for a number of years between the two businesses, giving Humber VHB the opportunity to increase its UK production to meet the needs of a broad customer base. However, this initiative will enhance the offer to the retailer for both companies, while also facilitating the creation of new opportunities to introduce supply efficiencies in both marketing and production.

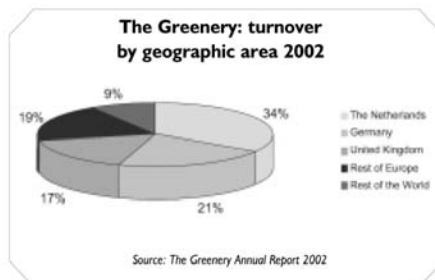
The Greenery's strategic M&A and alliances in the UK, or with Dutch suppliers that have the UK as a major customer, is focused on developing strong relationships with customers. The company has two dedicated units with account teams that keep in close contact with customers, and while the majority of The Greenery's exports to the UK is fruit and vegetables, it has recognised the customer's desire to develop relationships with fewer suppliers, but who can meet their needs year-round. In response to this demand, The Greenery has established supply from the Mediterranean and to supplying products outside its portfolio, e.g. citrus fruits in order to meet the category requirements of the UK multiple retail sector.

Customer-focused marketing and market research gain competitive advantage

The Greenery counts among its customers packers, wholesalers and foodservice operators, but by far the most significant customer group is the multiple retail sector, with the company being a leading supplier to many of Europe's key multiple retail outlets, including:

- UK - Tesco, Sainsbury's, Safeway;
- Germany - Aldi, Wal-Mart, Edeka, Tengelmann;
- France - Carrefour;
- Scandinavia - Sabe;
- Netherlands - Laurus, Ahold.

Satisfying the needs of these customers is a hard task and The Greenery is aware of the need to adopt focused and customer specific activities to enable retailers to maximise their profits from the category.





The Greenery has a dedicated Group Marketing department that provides support to the business unit and customised marketing support for its customers. For The Greenery's Board of Directors, such investment in developing the marketing function recognises the growing importance of the role of marketing in the fruit and vegetable sector, in order to gain higher levels of added value through the supply chain.

One of The Greenery's aims is to gain the status of "preferred supplier" for key accounts and the company sees key account management and category management as important tools in reaching its goal. The company has been at the forefront of developing Category Management-based systems of research and produce supply for its major retail customers in international markets. The company has developed this focus further by moving category management from commercial units to Group marketing, along side brand management activities to ensure that marketing becomes a key component of commercial strategy.

Additionally, The Greenery places a high level of emphasis and resource on market research, both on its own part and working with key customers, to develop greater understanding of consumer views of the product itself and buying behaviour with regard to fresh produce. For example, it carries out regular sensory testing with consumers to ensure they are receiving the same tasting products all year round. The company makes extensive use of panel data in its four key markets of Netherlands, Germany, Belgium and

Holland, monitoring what fruit and vegetables are purchased, where they were purchased, the quantity purchased and at what price, so allowing The Greenery's customers to supply the optimum product range to their consumers.

Branding in fresh produce

While in the UK, most fresh produce is supplied unbranded or under retailer own label, in Europe this is not always the case. The Greenery promotes its brand in its home market of The Netherlands through a range of marketing activities such as point-of-sale material, sports event sponsorship or joint promotional initiatives with other major food companies. These activities have been successful for the company, with research carried out in 2002, showing that two thirds of Dutch people are familiar with the name The Greenery, associating it with terms such as good quality, fresh and organic. However, The Greenery does not see this activity in the Netherlands as being the limits to promoting its brand. Its subsidiary, The Greenery International (TGI) is aiming to establish a definitive brand identity to improve its position in international markets (primarily continental European markets other than the Netherlands), branding every item with The Greenery International label as a quality marketing concept, rather than by promoting Holland as the country of origin. This brand will eventually include produce from Israel, UK, or Spain, with TGI acting as an intermediary between the retailer and exporter.



Building on core strengths and focus on profitable mutual development

As customers fine-tune their requirements even more in the years to come, The Greenery believes that direct lines of communication between customer and producer, providing an opportunity to closely harmonise supply and demand in quantity and quality, and that such initiatives will guarantee success. In addition, developing an appropriate and extensive range of services, such as the right packaging, good logistics, professional marketing support, business certification and a properly functioning 'tracking and tracing' system will be important.

A key area for development will focus on improving The Greenery's position in major European markets through developing its relationship with multiple retailers. This will require further emphasis on maintaining its key strength in customer-focused marketing initiatives. Improving customer service will see the company look to develop its position in non-core product areas.

Recognising the importance of supply chain efficiencies to its business, the company's 'GreenHouse project' will continue to improve cost optimisation and strengthen its position in areas such as logistics, product flows, distribution and packaging. This initiative is part of a three-pronged strategy also focuses on adding value and ensuring best price for the growers' produce.

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The Greenery BV: major recent merger and acquisitions activity

Minnaar	Minnaar joined The Greenery Group as a direct distributor of their produce and related imports. It has improved The Greenery's position on the UK retail market, as well as leading to a re-think of The Greenery's strategy in organic produce. Minnaar, which has an annual turnover of some £180m, exports fresh fruit and vegetables, with the UK being one of its principal exports markets.
Naturelle	The merger of Minnaar's organic business with that of Greenery subsidiary Janssens-Dongen has led to a re-think of The Greenery's organic strategy, resulting in the creation of a self-supporting organic unit, Naturelle, all The Greenery's organic produce range is sold under the Naturelle brand.
Fruitmasters	In 2001 The Greenery entered a 50:50 joint venture with Fruitmasters, Fruit-NL, which saw the two companies merge their fruit production operations in the Netherlands. Representing the interests of some 2,500 fruit growers, the key aim of this venture to achieve one common auction for all fruit in the Netherlands.



Limagrain

CO-OPERATIVE STATUS FOSTERS LONG-TERM INTERNATIONAL DEVELOPMENT

Limagrain, a plant breeder and seed producer, has always pursued the same ambition: to explore new ways of improving plant varieties, including maize, wheat, and oilseed rape, to develop primary products that meet market expectations. Focusing on long-term strategies, the company has evolved from its original purpose of seed development and distribution, to become an integrated supply chain within the food sector, focusing on bakery products. Despite its growth into a multinational company, Limagrain remains committed to its co-operative roots, seeing the maintenance of the link between farmers and end-consumers, which it fosters, as vital to its culture.

The emergence of Limagrain

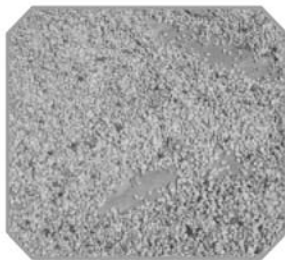
Formed in 1942 by a group of French farmers pooling efforts to produce seeds, principally for cereals, Limagrain has developed to become one of the world's leading suppliers of seeds to both the agricultural and horticultural industries. Close collaboration with INRA, the French National Institute for Agricultural Research, saw the company begin to specialise in maize seed and focus on significant investment in research. In the 1980s, the success of one particular variety, LG11, facilitated the rapid development of the group, in terms of both its business scope and geographic spread of operations. During this period, Limagrain built its own research stations, acquired other seed companies, and became the first private company in France to establish a laboratory on a

university campus, focusing on biotechnology research, underlining the company's focus on leadership in research and development.

Focus on three core business sectors creates synergies

As a breeder and producer of plant varieties, Limagrain markets seed for agricultural and horticultural growers and for home gardeners. The Limagrain group builds on its technical know-how and expertise to provide added value products for the food ingredients and bakery industries, and the garden products sector. Today, Limagrain is the fourth largest seed company in the world and the largest in the European Union, and is European market leader for maize and wheat seeds. Through its joint venture AgReliant, the group is also an important player on the North American market.

In the financial year 2002-2003, Limagrain's consolidated sales reached €932.7 million (£658 million). Total sales for the group, taking into account all the joint ventures the group has interests in, came to €1,029.3 million (£726 million). Overall, consolidated net profits for the group came to €10.3 million (£7 million). Limagrain's business is segmented into three strategic areas, with each of its subsidiaries organised into one of these groups.



32 Limagrain

Key learning points

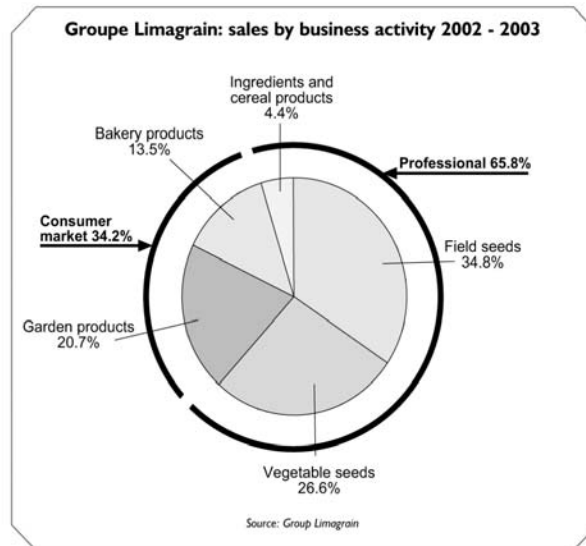
- Development of strong national brands builds confidence and reputation
- Long-term strategic planning brings focus and commitment
- Vertical supply chain integration increases market knowledge and understanding, adding value for customers
- Commitment to continued, high level investment in R&D contributes to market focused innovation
- Decentralised and autonomous organisational structure allows bespoke marketing strategy development in each geographic market, bringing flexibility to operations

- Field seeds account for 36% of the business activities. This business focuses on development, sales and marketing of seeds to the agricultural industry, principally of cereal and oilseed varieties, and includes brands such as Anjou, LG and Nickerson.
- Vilmorin Clause & Cie develops, produces and markets vegetable seeds and garden products and accounts for 47% of its business in turnover terms. With Vilmorin Clause & Cie, Limagrain is the world leader for domestic garden seeds, and is the third largest company in the world supplying seeds to professional growers.
- Cereal ingredients and bakery products: Added value products account for 17% of total turnover. With the foundation of Limagrain Céréales Ingrédients in 2002, Limagrain has now taken up a strong position in the French market for cereal ingredients. With its subsidiary Jacquet, a manufacturer of bread and bakery products, Limagrain is the second largest industrial baker in France.

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STRATEGIC SECTORS	BRANDS
Field seeds	AgriGold, Anjou, Great Lakes, LG, LG Seeds, Nickerson, Pride, Verneuil, Wensman
Cereal ingredients and Bakery products	Ble Or, Dafa, FCI, MCT, Pains Jacquet, Sofalia
Vegetable seeds and garden products	<ul style="list-style-type: none"> Professional products: Clause, Ferry Morse, Harris Moran, Hazera, Henderson, Kyowa, Marco Polo, Niagara, Nickerson-Zwaan, Tézier, Vilmorin Garden products: Numerous consumer brands including Abondance, CNOS, Carters, Clause, DM Ferry, Dobies, Ferndale Lodge, Ferry Morse, Freya, Gartenperle, Geissler, Scala, Source of Nature, Suttons, Top Green, Tézier, Vilmorin



Focus on brands rather than the corporate name

"The reputation of Limagrain's brands is one of the co-operative's key strengths and assets."

Through its acquisition strategy, Limagrain has accessed a number of different geographic markets with established brand names. The Limagrain name itself is little known among growers, rather the company has maintained and invested in individual brands, building on the trust and reputation that these have with farmers and growers in each market. Furthermore, this focus on maintaining national brands is an integral part of the group's decentralised structure, with the autonomous operating units able to take marketing decisions that are best suited to individual geographic markets, giving increased flexibility in the framework of a company with a global reach.

Business structure: commitment to the co-operative model

Limagrain's parent company is the Coopérative Agricole Limagrain, with 600 farmer member-shareholders based in and around the Auvergne (central France). The

group is structured around a holding company, which in turn operates a number of subsidiary companies, thus allowing the co-operative to trade with both members and non-members alike, as well as being able to access finance required for international growth strategies. *"Having a holding company is compulsory, as a co-operative can only work with its members otherwise. Co-operatives [in France] have all created subsidiaries linked to their business to undertake commercial operations like any other commercial companies, but in a co-operative spirit."*

"The reputation of Limagrain's brands is one of the co-operative's key strengths and assets"

Jean-Claude Guillon, Strategy and Communications Director

Limagrain promotes its co-operative status as a corporate model that will enable agriculture in France to develop in the long term through maintaining strong relationships between the different stakeholders. In an uncertain global agricultural environment, co-operatives constitute one of the central strands of agricultural policy and market organisation. In Limagrain's view, this organisational model, which brings members and employees together to share the same vision, is a force for the future. However, the continued success of the co-operative model requires a high level of commitment, adaptation and tenacity from all stakeholders. At Limagrain, it is not forgotten that the group's customers are first and foremost farmers, and that the sale of seeds is directly dependent on whether farmers have the means to invest in quality products and services.

Recognising the role of executives through co-operative membership

Limagrain's belief in the co-operative approach is paramount to ensuring a strong commitment between management and members. Since 1999, the 50 top



executives from the group have become members of the co-operative by acquiring a minority shareholding in the capital of the parent company alongside the farmers. This was the first time a co-operative company had ever done this. It formally recognised the role that non-member business now plays in the development of the group, and creates an innovative dual-stakeholder co-operative structure. "In France, the law governing companies enabled that move. Limagrain is now organised in six sections of farmers and one section of executives. Each top executive has been invited to subscribe to some share capital, which gives them the right to a share capital interest and to dividends if the co-operative distributes some. However, the share capital is not re-assessed, so these are not stock options. On the contrary, this subscription is an important commitment from each executive."

There are two main advantages of being a co-operative:

- **Long-term planning focus:** "Limagrain has a true long-term vision. It is not affected by changes sometimes imposed by the stock exchange. Limagrain has a strategy led by traditional economic and performance indexes, but when it makes choices, it doesn't question them every week, as some commercial companies do."
- **Dual co-operative/company management:** In French co-ops there is a common link between the direction given by elected farmers and the day-to-day operations of the individual operating units. Limagrain chooses to have some of its elected farmers (co-operative board



members) on the board of directors of each commercial operating company. "Therefore, [the needs of] each Limagrain company is well understood [by the co-operative's board], which helps a lot when choices between different development opportunities are needed. While public companies may sometimes have complete reversals of strategy, Limagrain makes choices for the long term and follows them through. But at the same time, the co-operative is responsive to changing corporate market need."

Presence along the entire food supply chain

Within the agri-food sector, Limagrain, through its various subsidiaries, has created a vertically integrated value chain from breeding through to production of processed food products (bread), or "full marketing chains" as the company refers to them. This integrated structure facilitates complete traceability while maximising efficiencies in production, for example ensuring the capacity of its mills are fully utilised. Limagrain has set up a link between the breeder, the farmer, the manufacturer and the consumer, and is now able to identify diverse market needs and drivers, from those of its co-operative farmer owners, right through to changing consumer demands for finished products sold through Jacquet. The value chain in which the company operates is now longer than it once was, but Limagrain remains close to its customers, ensuring quality and guaranteeing traceability.

Limagrain's approach in the world of seeds (from the farm to the plate) has enabled the group to become a key partner for the food industry. With Limagrain, manufacturers have found a plant specialist that is both a producer and manufacturer of finished products, therefore having an in-depth knowledge of supply chain dynamics that a seed supplier would not traditionally have. Through the partnerships they have built up with Limagrain, key customers are able to run research programs that lead to the development of new, innovative varieties, at the same time gaining access to the group's skill and know-how in growing crops that will enable them to meet end-consumer needs.

Investment into research and development

Limagrain is competing in a market that requires sustained research. For the company, research and development investment focuses on two key areas:

- enriching the group's germplasm;
- mastering all the new technologies used for plant improvement.

"Limagrain has always tried to maintain its germplasm. We think that it is of vital importance to preserve and add value to the germplasm of our subsidiaries." This commitment to innovation is one of the key building blocks of the group's business. Some 800 researchers and technicians are involved in developing the varieties and technologies that farmers and growers will make use of in the future. Such resource represents a considerable investment, and commitment to maintaining a leading position in its sector, "in 2001/2002, the group spent about 12.5% of sales to the "Professional" market on research, i.e. an investment of €73.4 million (£47.8 million). In the seed industry, this percentage [that Limagrain invests] is at the top end of the industry average, and in the food industry, this percentage is comparatively very high."

Through its international network of research centres, Limagrain has also developed its own capacity to improve and add value to plants. Reflecting its commitment to collaboration, the group also devotes a lot of its energy to bringing others together to co-operate in the development of an efficient scientific approach to seed and plant development, so bringing diversity to its research and benefiting from a wider area of expertise.

Developing partnerships for international growth and minimising risk

For Limagrain, international development goes hand in hand with new ways of creating added value, identifying synergies, and spreading risks. However, the company is aware of the challenges of adapting not only to the specific requirements of new geographic market territories, but also of the need to adapt to different cultures. For this reason, the



company has chosen to follow a decentralised organisational structure, with high levels of autonomy for individual operating units in each country.

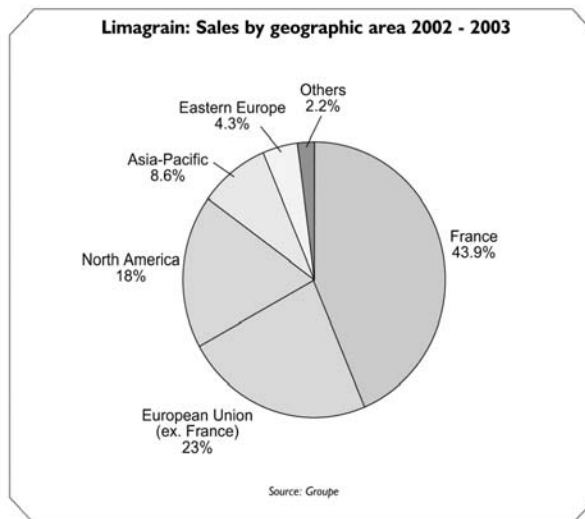
Limagrain operates a network of subsidiaries and affiliates based around the world, and exports to more than 100 countries. Its first moves out of the European sphere came at the beginning of the 1980s, with the creation of a research station for maize in the United States, and the purchase of the American garden vegetable seeds company Ferry Morse. Limagrain has taken a cautious approach to investment outside Europe, so minimising the risk to both the company and the co-operative members, and it has proved to be a successful strategy. Significant acquisitions and joint venture activity include:

- **1990:** acquisition of Royal Dutch Shell's European seeds activities (Nickerson Seeds);
- **1996:** acquisition of US seed company Harris Moran and French seed company Clause Group from Rhône-Poulenc;
- **2000:** establishment of AgReliant Genetics, a 50:50 joint venture with KWS of Germany, while Vilmorin Clause & Cie purchased 40% of Kyowa, a Japanese seed company.

In the field of research, this international development is seen to offer a number of benefits, enabling the group to:

- diversify its genetic resources;
- adapt its products to different markets;
- test new growing techniques under a variety of conditions.

In terms of seed production, the company's international reach and partnerships help Limagrain to compensate for adverse growing conditions in its producing countries, providing the group with the means to react efficiently and quickly to market demands. Finally, the group's international dimension is seen as advantageous for marketing and sales, as it emphasises the originality and quality of the wide variety of products in each market. However, France remains by far Limagrain's most important market. While



Europe remains the hub of Limagrain's business, "Limagrain considers Europe as its domestic market," a new geographical balance is taking shape, with market shares in North America and Asia growing. In recent years, Limagrain has pushed hard in the US market, "as it is the largest market in the world," but sees Asia as a key region for future development given the growing nature of demand in the area.

Future strategy

Present throughout the world, Limagrain's success is based on its strong brand position in key markets, its commitment to research and development and its cautious attitude to international expansion, which minimise risk to the company and the co-operative's members. In addition, vertical supply chain integration brings an awareness of changing consumer demand and the ability to develop a response to these right back through the supply chain to new variety development. The co-operative ensures the maintenance of strong links with its farmer members, but international expansion means that the company can develop beyond its home market and so bring further benefits. While not excluding the possibility of further acquisition, the group is determined to maintain the

balance between its subsidiaries' need for autonomy (and the ability to make key decisions in-country), and the needs and goals of the co-operative, both in terms of making a profit and ensuring that members' needs are met.

"In the future, Limagrain will continue to pursue its established strategic path. The co-operative will concentrate on where its strengths lie, but while priority is given to internal growth, opportunities that arise would be considered if they fit with global strategy. This has always been Limagrain's philosophy."

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Ocean Spray Cranberries Inc

MULTINATIONAL BRANDING THROUGH AN AGRICULTURAL CO-OPERATIVE

Innovation has allowed a cranberry growers' co-operative to become a leading producer in juice drinks. By continually developing new products, Ocean Spray has remained successful in a very competitive market. Today the co-operative is the best selling brand name in the canned and bottled category in North America. The industry has been struggling in recent years, but Ocean Spray's new product White Cranberry juice has helped to rebuild the market and consumer interest in cranberries.

The cranberry beginning

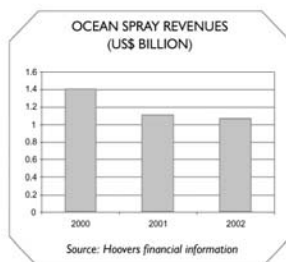
Ocean Spray is an agricultural co-operative owned by more than 800 cranberry growers and 126 grapefruit growers located throughout the United States and Canada. Three cranberry growers from Massachusetts and New Jersey formed the co-operative in 1930, with the common goal of expanding the market for their crop. The co-operative was led by a lawyer and cranberry grower who had perfected a cranberry sauce, and, even at this early stage, innovation was

key, and from these roots, the cranberry developed into a worldwide brand. It was not until 1976 that the co-operative expanded to include the Florida grapefruit growers, as part of the co-operative's strategy to broaden its juice portfolio.

Today, Ocean Spray is North America's leading producer of canned and bottled juices and juice drinks. It has been the best-selling brand name in the canned and bottled category since 1981. The co-operative has its headquarters in Lakeville-Middleboro, Massachusetts, and employs more than 2,000 people worldwide. There are also fruit receiving stations, processing and bottling plants located throughout the United States and Canada.



Picture courtesy of Ocean Spray Cranberries, Inc.



Financial highlights

In 2002 Ocean Spray had a turnover of US\$1.1 billion (£680 million), with a market share of 53.5% for the brand's core line of cranberry beverages. Ocean Spray's turnover has decreased in recent years due to the struggling cranberry industry and the highly competitive nature of the soft drinks industry.

Board structure

In March 2003 Ocean Spray restructured its board from 15 members to a new 12 member structure. This new board was elected to set the strategic course for the co-operative and its brand, as some members thought that the previous board was not sufficiently focused on the growers. The new board will put in place

Key learning points

- Develop through innovation – product and packaging innovations have contributed to the success of Ocean Spray
- Understanding the consumer market and meeting their requirements through a broad portfolio of products
- Increasing growth opportunities through entry into new geographic markets, minimising risk through alternative approaches, such as joint ventures
- Effective and efficient marketing to rejuvenate a struggling industry
- Development of strong brand leading to added value gains

a series of improvements and initiatives aimed at boosting grower returns, streamlining the company and strengthening the brand's market position. Ocean Spray is also committed to continual new product development as a key strategic resource to support the mission of the co-operative.

As with any co-operative, the ultimate goal of Ocean Spray is to serve its members. The current board has two key objectives:

- Deliver growers a consistent, profitable return.
- Provide a dependable home for the growers' fruit.

Over-riding focus on product innovation brings market leadership

Ocean Spray is a key example of a co-operative that has successfully marketed its product to form a worldwide brand. Ocean Spray has developed its brand



through marketing the American heritage of the co-operative as well as promoting the health appeal of cranberries. High levels of innovation in terms of new product development and line extensions have helped the brand grow, and seen it become a household name.

Ocean Spray revolutionised the soft drinks market place with the introduction of the juice industry's first juice blend. The cranberry apple juice drink was such a success that Ocean Spray introduced new flavour varieties. The success of the brand led to more product extensions, and to Ocean Spray developing grapefruit juice, with the decision to include grapefruit growers from Florida as co-operative members in 1976.

The grapefruit line was extended further, and Ocean Spray Red Ruby Grapefruit juice drink was launched. This has been Ocean Spray's most successful product introduction to date.

The co-operative's continued desire to maintain its leading market position has led it to research and implement new packaging concepts. In a highly competitive marketplace, such as the soft drinks market, suppliers need to keep ahead of the competition. While new product development and line extensions are one way of achieving competitive advantage, companies have also looked to innovate in the area of packaging, where they have focused on areas such as increasing convenience for consumers or minimising the impact of packaging waste.

Ocean Spray led the way in the United States with the introduction of aseptic packaging techniques. 'Juice boxes' first appeared in 1981 as Ocean Spray paper bottle juice containers. It continued its developments in consumer packaging to become the first manufacturer to package juice drinks in polyethylene terephthalate (PET) plastic bottles, a high quality plastic alternative to glass bottles.

Product development continued further in the cranberry product range with the introduction of sweetened dried cranberries, Ocean Spray premium juices and new flavours in the juice ranges. However, 2001 saw Ocean Spray's greatest product innovation yet, the introduction of white cranberry juice. Ocean Spray marketed this product, with



its sweeter and smoother taste, to the whole family rather than the standard cranberry juice consumer – generally speaking, adults seeking a “healthy” option within the soft drinks segment – so increasing its product portfolio to target a broader range of consumers. The company extended this consumer market further by launching juice spritzers in 2002. This product and its positioning opened up new market opportunities to Ocean Spray, as consumers would see this as a more indulgent variety of the juice drinks for special occasions.

Ocean Spray's commitment to product and packaging innovation has ensured that the Ocean Spray brand has continually developed and become the most successful juice drink in the United States. However, it must not be forgotten that, as Ocean Spray operates in consumer markets, it, like any other company operating in the soft drinks sector, must remain consumer focused at all times.

Bringing new products to market, whether line extensions or totally new product offerings is a key requisite in any market where a fickle consumer has a wide variety of substitute products to choose

from. To compete with the big multi-national players of the soft drinks sector, such as Coca-Cola, PepsiCo or Cadbury-Schweppes, Ocean Spray has to commit to the development of a continuous stream of new products and launches.

Developing focus on three key market segments

The market for Ocean Spray products spans three key market segments, with a variety of products beyond juice drinks supplied according to the needs of that particular market.

- Ocean Spray's largest market segment is the consumer retail market, principally supplied with a range of juice drinks.
- Foodservice is also a key market area, with products used in restaurants, bars, cafés, hotels and hospitals. Ocean Spray's product range for the foodservice sector includes dried cranberries, cranberry concentrate, purees, powders and flavoured fruit pieces.
- The ingredient market is another significant one for Ocean Spray; its dried products are used in many retail food items worldwide. This market



Beijing Huiyuan Beverage Group

Huiyuan is a privately owned brand, and is the clear brand leader in the rapidly growing Chinese market for fruit juices. It primarily produces 100% apple and orange juices, and has eight factories servicing all the major urban markets in China.

has developed to such an extent that Ocean Spray has created the Ocean Spray Ingredient Technology Group. This services the needs of the food manufacturing industry and commercial clients with frozen and dried, sweetened cranberries called Craisins® Sweetened Dried Cranberries.

Ocean Spray does not limit its focus on innovation to the product alone, using innovative means such as licensing the brand and its technology to grow its presence across the world. The introduction of cranberry and grapefruit beverages to China in 2001 is one example of this approach to international expansion of the brand.

Under an agreement with the Beijing Huiyuan Beverage Group, Ocean Spray granted a 10 year licence to Huiyuan for the Ocean Spray brand and technology. Beijing Huiyuan Beverage Group Huiyuan is a privately owned brand, and is the clear brand leader in the rapidly growing Chinese market for fruit juices. It primarily produces 100% apple and orange juices, and has eight factories servicing all the major urban markets in China.

Ocean Spray's business plan stipulates that the Ocean Spray line can be launched in the major centres of Beijing, Shanghai and

“ This alliance between two great companies creates a powerful synergy ... bringing Nestlé's juice production into our plants and joining forces with them on purchasing and distribution, we will establish an economy of scale that will boost the profitability of both companies ”

Randy Papadellis, Ocean Spray President and Chief Operating Officer .

Guangzhou. It also gives the brand access to what is predicted to become the largest juice market in the world. The relationship with Huiyuan also means that Ocean Spray will benefit from another company's marketing skills appropriate to developing the Chinese market.

As the Chief Executive Robert Hawthorne said at the time of entry into the Chinese market, "It will create opportunities for all North American cranberry and grapefruit growers to expand sales into a huge new market at a time when market growth at home is an increasing challenge."

Competing in an increasingly challenging drinks market

Even though Ocean Spray is the market leader in juice drinks in the United States, it is finding the market increasingly competitive. The last decade has seen a slow down in the total cranberry market, with fundamental supply and demand factors leading to the collapse of prices.



Picture courtesy of Ocean Spray Cranberries, Inc.