2000

Supply-chain alliances offer strategic focus for agriculture

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SUPPLY-CHAIN ALLIANCES OFFER STRATEGIC FOCUS FOR AGRICULTURE

With the development of strategic supply-chain alliances between producers and other agri-business sectors becoming a common trend worldwide, it is time for Western Australian primary producers to break with tradition. Strategic alliances have the potential to add value to agricultural products, and to guarantee food safety and quality for consumers. Ashley Manners reports on the benefits of strategic alliances, and some of the successful alliances currently being developed within Western Australia.

Until recently, Australian primary producers were satisfied to supply agricultural products into domestic and export markets with very little understanding of anything other than price. However, the penny has finally dropped, and many producers are now realising the potential to add value to their products by gaining a more intimate understanding of specific consumer demands.

In today's climate, customers demand, and are prepared to pay a premium for, quality, consistency and service. This new consumer can only be identified and satisfied by an understanding of the market and very close cooperation between all sectors in the supply chain. In response to this change, many producers are recognising the need to work more closely with the people who market their products. One method of encouraging close relationships with supply-chain members is the development of strategic supply-chain alliances.

In addition, strategic alliances have the added benefit of allowing retailers to secure an ongoing supply of agriculture products fresh from the farm gate, which in turn enables producers to structure their business activities over the long term. Further, alliances allow retailers to gain an understanding of the limitations faced by producers and other supply-chain members, and to plan for any variation in supply.
Asian markets are increasingly interested in developing strategic alliances to ensure a constant supply of Western Australian products. (Above)

Many producers are recognising the need to work more closely with other members of the supply-chain in order to add value to their products. (Right)

What is a strategic supply-chain alliance?

Strategic alliances can be defined as a formal relationship between different sectors of the supply chain to utilise the combined resources, information and skills of the partners, for the mutual benefit of the group.

Once a strategic supply-chain alliance is in place, information received directly from the market place can be used by processors and producers to develop strategies to more effectively and profitably meet consumer needs. Technical assistance and research can be more consumer-focused and rewarding if delivered within the framework of an alliance.

Strategic alliances also provide an opportunity for retailers to negotiate with producers over an ongoing supply of products, and an opportunity for producers to secure a permanent and secured market for their produce. In addition, an alliance between supply-chain members based in different countries allows each member to use the other’s knowledge to overcome any regional differences.

Western Australian example

In Western Australia, there are a number of successful alliances already marketing and supplying agricultural products for domestic and export markets.

The Q Lamb Alliance between Action Foods, Hillside Meats and a group of lamb producers has led to outstanding results in terms of increased sales, improved profits and higher customer-satisfaction levels.

Other alliances are active in supplying live cattle to South-east Asia, fat-tail sheep to the Middle East, fruit to Singapore and Indonesia, and pork to Singapore and Japan.

Role of Agriculture Western Australia

Agriculture Western Australia’s Strategic Alliances Program is specifically designed to assist all sectors of industry develop alliances and opportunities in domestic and export markets.

Assistance starts with an initial consultation meeting to explore an idea or need. Further assistance then depends on the circumstances of the project but may include:

- Alliance formation.
- Market research.
- Market contacts.
- Group formation.
- Sourcing technical assistance.
- Sourcing funding assistance.
- Management and strategic planning assistance.

The Strategic Alliances Program has a team available at any time to discuss any ideas or needs.