

Scotland

A LAND OF
food and drink



**Productivity,
time for a
leap forward**

Productivity in the picture

Scottish food and drink stands for quality the world over. It's one of the star sectors of our economy and its contribution keeps growing.

Three years ago we set ourselves an ambitious new target: for Scotland's food and drink industry to be worth £16.5bn by 2017.

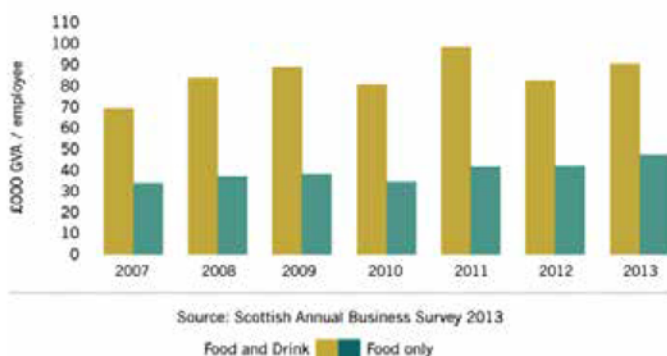
To meet this we're focusing on three growth markets — premium, health and provenance. These are the areas where we stand to build the best competitive advantage at home and abroad.

To help our businesses succeed, we've identified six priority areas for support, we call these our Big Six. Developing these helps us pull more tightly as an industry and prepares us for opportunities as they arise. The Big Six priority areas identified include:

- Build Scotland's reputation as a Land of Food and Drink
- Return our primary sectors to growth and profitability
- Build supply chains which can exploit growth market opportunities
- Improve productivity in the Scottish food and drink industry
- Become more environmentally sustainable
- Accelerate market focused innovation

Here we focus on productivity, and how taking steps to improve our productivity as an industry, will significantly improve our performance and build our reputation as a Land of Food and Drink.

Our current performance (measured by Gross Value Added per employee)



Scotland's food manufacturing sector turnover growth rate is **twice** the UK average.

What does it mean and why does it matter?

Scotland needs a strong, vibrant, productive food and drink industry that can hold its own against competitors everywhere. Productivity can be used as one of the main measures of our business and economic success, so is important for the future health of the Scottish economy.

Productive businesses are more profitable businesses — which is good for you and good for the industry. Higher productivity businesses also tend to grow faster, create more, higher quality, jobs, with higher wages and living standards.

By and large, productive businesses are those that:

- work efficiently
- innovate and promote excellent business practice
- offer attractive careers and develop their people's skills
- add value across all their activities

These factors are playing a major part in helping us meet our goal of £16.5bn by 2017. Many of our businesses are already highly productive — especially in the whisky industry — but we can't stand still and there's always room to do more.

So now we're asking everyone in the Scottish food and drink industry to take a look at their own business and ask: are we as productive as we could be?



The value of the Scottish food and drink industry is over

£14bn

What do we need to do?

As an industry we're exceptionally lucky to enjoy the kind of support and collaboration that most countries can only dream of.

To tackle the issue of productivity we've pulled together a working group of experts from across the industry and the public sector.

They've looked at the challenges and opportunities and come up with a number of areas where we need to focus our efforts:

Increasing efficiencies

When we work efficiently we save on time, costs and resources. For Scotland, with its fantastic natural larder, more efficient working means making the best use of our natural riches, while also protecting them for the long term. By reducing waste and cost, we can put further efforts into investing in R&D and developing the skills for our employees. Efficient food and drink businesses are vital to our industry's future and Scotland's reputation as a Land of Food and Drink.



R&D investment by food and drink manufacturing firms has doubled since 2007

Innovating and promoting business excellence

Innovation fuels every industry. It's how we come up with the products and services consumers want and how we compete in the world. Innovation is anything that adds value to our products, people, processes or workplaces, and by instilling a culture of innovation in our organisations, we can encourage our employees to contribute to our continuous improvement. In Scotland, we have access to world-class universities and research facilities, along with top-ranking business excellence services and skills training providers. We're already known as innovators. Now we want innovation to be part of the daily thinking of every food and drink business in the country.

The most exported products by value are:

Spirits £4.0bn

Fish & Seafood £0.6bn

Building skills for growth

We must have the right skills for our industry to be productive and to grow. We've been working across the partnership to help deliver the new Skills Investment Plan for the food and

drink sector, with highly skilled workers required across the entire industry. We need the ambition to build a workforce that's geared for growth. That means confident, ambitious leaders with a global mindset who can lead their organisations to increase long term growth and internationalisation. It also means well-trained and qualified people who see it as routine to form innovative, creative-thinking teams. We want people to view the food and drink industry as somewhere that offers a wide range of exciting careers. We especially need to attract skilled people in key areas such as engineering, food science and agronomy.

Adding value

It's easy to think of adding value as a purely financial measure but when it comes to productivity it can reflect a host of other business activities. For example, a business that uses resources efficiently may be adding environmental value, or a highly skilled workforce could be adding social value – both legitimate business outputs. Essentially, we can add value at any stage in our business processes. When we do, the result is more profitable businesses with more productive people and resources.



Food Manufacturing employs
43,300, with new 11,000 jobs
forecast between 2012 and 2022.

How do we measure it?

There are a number of ways we can work out how productive we are as an industry:

Labour productivity

How efficient and productive are our people? We can measure this in our organisations a variety of ways, for example, value added per full-time employee (FTE), sales or operating costs per FTE or labour costs as a percentage of sales.

Investment in R&D

How much are we spending on developing new products and processes? We can capture this by BERD (Business Enterprise Research and Development) Expenditure.



The largest subsectors in Scotland are spirits, baked goods and fish & seafood.

Business confidence

How much are we prepared to stake our businesses future?
We can measure this by looking at industry-wide investment in technology and workforces.

What's in it for you?

It doesn't matter what your business does, or how large or small it is – there are any number of ways you might be able to become more productive.

Now we're offering you a fantastic opportunity to get valuable support from people who really know the industry.

We're also taking another step along the way to a world-beating Scottish food and drink industry worth £16.5bn by 2017.

**Whisky generates
£231,000
per head**



We have a wealth of expertise available to us from across the industry. We can help you:

- Understand how improving productivity will benefit your business
- Identify skills gaps within your organisation and how to fill them
- Understand how you can use your resources more efficiently
- Develop leaner manufacturing techniques
- Develop leaders who instil a culture of innovation and productivity

If you'd like to find out how your food and drink business can become more productive, all you need do is get in touch with us now!

Who are we?

We are the Scotland Food & Drink Partnership, a collaborative collective forged between the trade associations and public sector organisations working in food and drink. We're here to support the industry, make sure we hit the target of £16.5bn by 2017, and cement Scotland's reputation as a Land of Food and Drink.

66,000

people are directly employed in Scottish agriculture.

As one of our Big Six priorities, productivity is being tackled by the Scotland Food & Drink Partnership Productivity Working Group, whose members are listed overleaf.

Several of the key areas they've identified – such as leadership, skills and innovation – sit closely alongside those described in the Scottish Government's new Manufacturing Action Plan.

This sets out how Government will work with industry, public agencies and academia to stimulate innovation, improve productivity and increase investment in Scottish manufacturing.

It's a strategy for global competitiveness from which we, Scotland's food and drink industry, can only benefit.

Since 2007, Scottish food and drink productivity, expressed as GVA per employee, has grown by 32% and food on its own has increased by

35%

The Working Group

With thanks to the Scotland Food & Drink Partnership Productivity Working Group Members:





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