Setting up and Managing Chain Initiatives
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Introduction
Chain coordination is growing in importance to maintain access to global markets and competitive advantage. Of particular interest is how to set up and manage an initiative in a chain. Much of the research in the area of chains is based on case study examples of initiatives to improve chain performance. While this research is very rich in providing details about what was done, there can be questions of how applicable it may be in other situations. This research aimed to provide some more generalisable results that may be applied in a range of different situations.

Methods
The research was based on qualitative methods where discussion groups were used. Invitations were sent to businesses who had received funding from the Australian Federal Government under the National Food Industry Strategy for the food innovation grants program (FIG) and the food chain program. In total 78 participants attended with four discussion groups run in Brisbane (32 participants November 2004) and five discussion groups run Melbourne (46 participants December 2004). Participants produced meat, fish, dairy, biscuits, beverages, pastry, eggs, fruit, vegetables and ingredients. Organisations were involved in seed supply, primary production, manufacturing, distribution, retailing and provision of packaging and services.

The aim of the discussions was to review experiences in the projects and what was learnt in the process. As well as being a program review, the discussion process was seen as a way for participants to share experiences and learn from each other. Specifically the discussion looked at:
1. Catalysts for getting started and expected outcomes;
2. Expected problems and problems that arose during the process;
3. Reflections on what was learnt;
4. Critical success factors; and
5. Assistance perceived to be needed to facilitate innovation and chain development in the food industry.

Results
The discussions revolved around three stages of the process of developing the chain or adopting the innovation – 1. getting started, 2. implementation and 3. reflecting on the process.

1. Catalysts and Expected Outcomes
In summary there were similarities in the catalysts and expected outcomes for the innovation and chain development projects although those involved in chain projects worked with customers and suppliers to meet their objectives rather than focussing primarily on their own organisations.

The catalyst to start the food innovation or chain development program included having a shared vision and the need to change to address competitive pressures. For some it was the need to develop products, processes and markets as well as address continuity of supply issues. Others got started due to interactions with government agencies.

Expected outcomes included long-term survival and related profitability measures. The way this objective was being achieved differed and included developing new markets, new products, new industries, product branding, value adding, product differentiation, greater product consistency and

utilisation of waste. For chain participants expected outcomes included more general improvements in business processes. Both FIG and chain participants expected to grow their businesses as a result.

2. Problems

Problems that were expected at the start of the project varied. Initial problems were in getting inspiration to change existing systems and set common goals. A common problem was getting support for the innovation or chain development project. This was related to defining outcomes and benefits from the project.

Once project start up problems had been resolved, the issues were more about operational concerns such as managing the project and associated organisations as well as getting resources (skills, time, equipment and money). Other problems included managing business expansion, gearing up larger scales of production, developing brands and economic issues (costs, efficiency and economies of scale). During the process common problems faced included building capabilities, generating a problem solving culture, getting support from others, identifying sources of technology and people to work with, the time and resources required, accessing other resources and managing the project.

Longer-term problems were expected based on the reaction of the market and competitors. Another long term expected problem was succession planning in chain governance.

3. Lessons Learnt and Critical Success Factors

Based on reflections on the process many of the key lessons learnt and critical success factors were about setting up and managing the project. Management support and leadership was needed to build a vision and outline the need for change as well as to support a culture of experimentation and innovation. A champion was needed to drive the process and ensure involvement and buy-in by all. Sound project management required including agreement on outcomes, clear milestones, review processes, measurement of wins, communication and closure. Networks were used to source information, technology and people to resolve problems.

The key lessons learnt included having the right business culture and people involved, understanding the product and markets, cooperating and working with others, setting common objectives, developing relationships, communication and provision of information, as well as managing the project. Most of the reflections on what would be done differently next time were about management eg managing communication, managing expectations, more planning, care in choosing partners and involving fewer parties.

Based on reflections on the problems and what would be done differently, the critical success factors included:
- Networking
- Transparency
- Communication
- Common goals and clearly identified project outcomes
- Matching of research objectives with commercial outcomes
- Project planning and management
- Senior management commitment to the project
- Balanced participation in the chain between production end and retail end
- Careful selection of business associates
- Culture with a "can do" approach
- Good relationships
- Formalised relationships and agreements