

The 21st Annual  
Campden Day Lecture

**‘Partnership and Innovation in Food Supply:  
Key Ingredients for Success’**

*Sir Richard Greenbury,  
Chairman, Marks and Spencer plc*

Sir Richard Greenbury has a well deserved reputation as one of Britain’s most influential and experienced retailers.

Raised and educated in Ealing, West London, he joined Marks and Spencer directly from school in 1953, as a junior store management trainee. This firm grounding in front-line retail management skills was broadened in 1962, when he transferred to Head Office as a Trainee Merchandiser. Within ten years he had become a full director and six years later , in 1978, he was appointed as Joint Managing Director and subsequently as Chief Operations Officer and then Chief Executive Officer. From 1988, he combined this last role (which he only recently relinquished) with that of Company Chairman.

Under Sir Richard’s leadership, the St Michael brand has become widely recognised as a byword for quality, value and service. These characteristics have been applied with particular skill to establish Marks and Spencer as a major and influential food retailer.

The continuous development of high-quality, value-added fresh foods prepared from carefully selected raw materials has been the basis of Marks and Spencer’s success in this highly competitive area.

At the same time, the company has paid close attention to its social responsibilities, both as an employer and by investing substantially to improve the quality of local community life.

Sir Richard’s skills have been widely sought and recognised well beyond Baker Street. Non-executive directorships have lent his experience to leading financial institutions, manufacturing companies and utilities. He has received several honorary fellowships and degrees from colleges and institutes, including in 1996 an honorary Fellowship from the London Business School. In 1993 an Independent on Sunday poll ranked him as the “Businessman’s businessman” and the following year he was voted Nat West Market’s “Retailer of the Year”.

Away from business, Sir Richard has been closely involved with a number of leading charities. He is a former trustee of the Royal Academy and remains a patron of The Samaritans.

For relaxation he plays tennis, and is a member of the All England Club, and continues his pursuit of excellence by supporting Manchester United.

His unrivalled retail experience thus uniquely places him to discuss **‘Partnership and Innovation in Food Supply: Key Ingredients for Success’** which is the subject of the Campden Day Lecture.



**21st Annual Campden Lecture  
Wednesday 9th June 1999**

**‘PARTNERSHIP AND INNOVATION IN FOOD SUPPLY:  
KEY INGREDIENTS FOR SUCCESS’**

**Sir Richard Greenbury  
Chairman, Marks and Spencer plc**

**Introduction**

Thank you, Mr. Chairman, for your generous remarks. I am honoured to be invited to give this twenty-first Campden Lecture. This year the Lecture comes of age, so may I start by congratulating the Campden and Chorleywood Food Research Association on this milestone?

You have had a long line of distinguished speakers on Campden Day, and I am proud to follow them. The last speaker was my close friend and sparring partner, Chris Haskins, who has been chairman of Marks and Spencer’s largest food supplier, Northern Foods, for over ten years. It is a particular pleasure to follow somebody I admire enormously, and I am also delighted to see a number of other suppliers in the audience.

Marks and Spencer's has a long association with CCFRA. We have been members since the 1960’s when our food business was first expanding in a big way. We were very glad then to take advantage of the advice and technical services the RA provided. And we have been ever since.

Indeed, we have used CCFRA for our own microbiological testing and for accrediting that of our suppliers. The RA has helped us to keep up-to-date with developments in food science and we have benefited from many worthwhile meetings with the Research Association at all levels.

CCFRA has also helped us with the training of our own technologists, running courses on hygiene, HACCP and microbiology.

In my lecture I will argue the vital importance of partnerships at all levels in the food industry and that these must include the inputs from centres of excellence which CCFRA undoubtedly is.

For all these reasons, I am delighted to announce the setting up, in conjunction with CCFRA, of the “Marks and Spencer Millennium Prize”. The purpose of the prize is to recognise and reward young people who have contributed to the work of the RA. The prize will be an annual one, worth £5,000. And the first award will be made next year, at the Campden Day 2000.

## Quality and Safety

The key to successful business today is to focus on customers' needs and expectations. Today this is truer than ever. Customers demand both **quality** and **safety** in the foods they buy, and at prices which are extremely challenging to the food supply chain.

### Quality

Marks and Spencer has always put **quality** first, above all other considerations, including price, but value for money is increasingly important to the customer in today's highly competitive trading environment. In the end you get what you pay for.

Quality starts with excellent raw materials, sourced from specialists worldwide

- Scottish beef
- Lamb, from UK specialists (Wales) and New Zealand
- UK outdoor bred pork
- French and Italian stone fruit, tree ripened

The list is endless - and is a testament to the partnerships with agriculture, which are as important as those we have established with food manufacturers.

An experienced and large Food Technology team, whose job it is to develop these relationships, has been a fundamental part of our success since the beginning of our Food business. They are responsible for technical development aimed at continuous improvement of our standards, and the creation of new product ranges.

Examples of this include:

- in the early days, fresh, air-chilled poultry
- through the exciting period of the development of high care factories for prepared cold chain recipe dishes
- to today, e.g. seasonal extensions of fresh produce, worldwide, so that for instance our customers can buy fresh strawberries 52 weeks of the year.

Today, with 4<sup>1</sup>/<sub>2</sub>% of the UK food market, we remain an influential force, setting the highest standards in our niche markets, where we must continually innovate to stay ahead of our competitors.

## Safety

Customers seek reassurance as never before, and **safety** is at the heart of consumer confidence. The series of food scares - *Listeria*, *Salmonella*, *E.coli* O157, BSE and now GM foods - have heightened the public's awareness of food production and these food safety scares have left them wary and concerned.

They are also confused and do not know who to trust.

Should it be the **government**? Well, in the eyes of the public successive governments have not managed the various food scares clearly and confidently and this has left consumers unsure of their judgement.

The establishment of a Food Standards Agency is a positive step to regaining customer confidence and needs full government and industry backing. We, at Marks and Spencer, welcome the timely arrival of this Agency. We believe it has an important role to play and we will give it every support.

Should it be **scientists**? That is difficult, particularly when they are in open conflict as we have seen during the current genetically modified foods debate. The scientific process, which is dependent on debate, can create confusion and contradiction.

This has not reassured consumers, particularly in respect of highly complex subjects over which they disagree.

Indeed there seems no end to new discoveries which reverse previously held theories. Take nutrition, a decade ago Manchester Utd would have taken to the field after a lunch of fillet steak. Not today, pasta is the new 'sports' diet. What next...?

Should it be the **food industry**? Again it is difficult for customers to trust growers and food processors because they are suspicious of the commercial interests which are involved. Ideally, in a world where the consumer is king (or queen) commercial interest should parallel customer interests. However, this is not always the customer's perception, rightly or wrongly.

Should it be **retailers**? We are in the front line, with immediate daily contact with the customer. The confidence of our customers is vital to us so we must listen to them and react to their needs and concerns. But this trust takes time to gain and can be lost in an instant.

Since trust is such a delicate commodity we all need to work together to regain and build up public confidence in the safety of food. We all have a role in this, government, scientists, growers, industry, retailers and of course the media, who increasingly influence public perception, but unfortunately all too often are more interested in sensational headlines than balanced comment.

## Genetically Modified Food

Of specific interest today is GM food. Nowhere is distrust of scientists and industry in general more apparent than in this current controversy.

Most people are aware that since ancient times farmers and growers have sought to influence natural processes by favouring, in their breeding and selection, traits which the market of the day demands or which increase economic yield.

In essence, GMO's offer a much faster and more efficient way of doing just that with additional potential environmental advantages such as a reduction in pesticide usage. But some operators seem to have forgotten one golden rule - **customers need to accept these new developments**. If they do not, then the genie of distrust is let out of the bottle and it can be the devil to recapture.

Trust depends on being treated with respect and being kept informed. Customers deserve a clear explanation, and are quite capable of appreciating complex concepts if these are clearly set out in a transparent and honest way.

Customers appreciate a choice. They want to be told the up-to-date facts and then be allowed to make up their own minds. In the USA there appears to be a confidence in their approval system which has led to the acceptance of GM crops as seen by the many millions of acres under cultivation.

The extent to which the debate has polarised in the U.K. is clearly described in Sir Robert May's recent letter in the press.

He recognises the current concerns regarding GM foods, but also points out the *"continual succession of media reports which are totally unsupported by evidence"*. And he continues *"Many of these views.....ask for absolute zero risk. This requirement would paralyse us if applied to any other aspect of daily life"*.

We see a danger in approaching GM food as if it was a problem confined to the United Kingdom. Scientific progress, the media, and food sourcing are now truly international. In my view, we must do all we can to encourage a renewed but balanced and informed debate within the industry, as well as with governments both here and in Brussels. This time we must include the customers from the beginning.

Marks and Spencer have now declared our intention to remove GM ingredients from all St. Michael food products, even though we still believe that there is a major role for GM technology in future food production. However, we also know that our customers are concerned at the speed of these developments - and they must be listened to.

The removal of GM ingredients has been a major task albeit significantly helped by the fact that we sell only products under our own label which makes changes in recipes and raw material easier. Since March of this year we have reviewed our entire catalogue, checked all soya and maize ingredients and made modifications where necessary. This could never have happened without the full and sympathetic co-operation of our supply base.

A feature of this programme has been the co-operation between two rivals in the High Street - Sainsbury's and Marks and Spencer. We have jointly led and created an international retail group to develop accredited sources of non GM food ingredients. Together with five other European retailers, we are co-operating to share information and establish best practices in this complex field. We have been joined now by a number of major manufacturers, all working towards a common goal, focused on customer choice.

The Consortium has already made significant progress, to identify and segregate GM ingredients. We have engaged the soya industries of North and South America in top-level discussions in order to put to them the views of European consumers and the consequent need for segregated supply chains to serve Europe.

The Consortium has now visited Brazil, the Far East, USA and Canada to ensure the integrity of the new supply chain of non GM ingredients.

This is an excellent example of partnership, where new alliances have been developed instead of competing with each other. I hope, in the fullness of time, confidence in GM food will be restored, and the benefits of this technology welcomed by consumers.

## **Partnership**

Partnerships are not a new phenomenon at Marks and Spencer. We can reasonably claim that the principles upon which good supplier partnerships are based were started by us back in the 1920's, when we began to buy directly from manufacturers specifying the raw materials in detail.

This new approach was established first with our clothing suppliers. It enabled us to develop new products and thus create new markets. This way of working was later used for the purchase of all St. Michael food as well as home furnishings - indeed everything we sell.

Our suppliers look to us for a lead, but they also bring us their own ideas. Their input is substantial in terms of innovation and production techniques. As we go into new areas their expertise and know-how are invaluable. We are partners with a common purpose - to surpass the expectations of customers.

We want, and indeed need, our suppliers to be successful - because a key element of the partnership is that it is a long-term relationship. It is only over time that trust and understanding can develop, allowing us to face challenges together with openness and honesty.

It was this co-operative approach, involving the whole of the food supply chain, that enabled us to build up our present business in perishable foods. I believe that a similar partnership approach is vital for the industry as a whole, if we are to tackle the challenges we face today.

Approaches such as that taken with beef, where the development of traceable supply chains of Aberdeen Angus from Marks and Spencer Select Farms has allowed a more rapid recovery from the BSE sales collapse than would have been otherwise possible. Demanding requirements for steers from selected bulls coupled to high standards of animal husbandry, including diets, not only meant consistent eating quality, but also restored confidence in the integrity of the product.

## **Public Concern About Food Production**

Customers are increasingly interested in the way that food is produced, wherever in the world it is sourced. They are increasingly aware of the ethical and environmental issues surrounding food production, throughout the food chain. And they are more concerned with these matters than ever before.

Our customers expect us, more and more, to be as rigorous in controlling these aspects of production as we have been in meeting their traditional demands for excellent eating quality.

We know they are concerned about the way animals are reared. The vast majority of British farmers believe in looking after their livestock under the best welfare conditions. Modern animal production is complex, involving welfare, food safety and environmental issues.

The public debate needs to be based on fact. In order to help provide the facts we have created, jointly with 10 suppliers, a professorship at the Veterinary School at Cambridge University, known as the Marks and Spencer Chair of Animal Health, Food Safety and Food Science.

The first Professor is Duncan Maskell. He and his team are researching issues of animal health which affect the entire food chain. This will help to solve some of the current food safety problems faced by our industry.



I would argue that there is a link between food safety and profitability. The pushing of shop prices to ever lower levels fuels the need for even greater efficiencies in the farming industry. The temptation to “cut corners” can become irresistible and in some cases can lead to decline in quality and safety standards. Good examples would be poor animal welfare and husbandry and the pressure to change key processes, as we saw with beef and BSE. The scandal in Belgium last week needs no further comment.

Take poultry, where cheap imports of fresh and frozen raw material has challenged the cost base of the UK poultry industry. The fact that you can feed a family of four with a chicken costing less than £2.50 does not bode well for the future of the UK poultry industry. This cycle of low returns, also seen recently with pigs, drives farmers out of business and discourages investment.

In this connection I hope that from the Monopolies and Mergers investigation into competitiveness, there will emerge a better understanding, not just of the consumer interests, but right back through the supply chain to include a recognition of the needs of farmers and food manufacturers too.

Sourcing of food is now a global exercise which introduces the requirement for common standards to be applied in different economies and in different countries. A good example of this is the recent UK ban of stall and tethers for pigs. British farmers were concerned that it was not good enough to apply the standard only to UK pigs whilst allowing our European partners an easier road. Marks and Spencer, therefore, applied the stall and tether ban universally, even to difficult areas such as Parma Ham, where we worked together with our supplier to identify two Italian farmers with foresight who had already abandoned these intensive practices.

World trade in agricultural commodities is increasing and the movement towards free trade continues. Governments will find it increasingly difficult to impose trade barriers, as we have seen with the current debates surrounding bananas and American beef. We will no longer be able to rely on government controls to prevent imports of those products which are legal, but cause customer concern. This then will require all parts of the supply chain to work together so that we can reassure our customers that the products we sell are not produced in a way, or from ingredients, that cause them concern.

I'd now like to look at some current examples of these partnerships in action and show how, through innovation, they are helping to overcome some of today's pressing safety issues.

## **Steam Pasteurisation**

One of the key public health concerns of today is *E. coli* O157. We will never forget the tragic incidents in the West of Scotland as well as other smaller outbreaks which characterised the lethal nature of this pathogen. While the answer lies in eradication of the contamination at farm and animal level, this will take time. Other interventions are necessary.

I would like to describe some new work, which is an outstanding example of co-operation across many sectors of the food industry, aimed at reducing *E. coli* O157 in fresh beef.

In the USA Frigoscandia have developed a steam pasteurisation process where sides of beef are treated to kill pathogens, in particular *E. coli* O157, which may have contaminated the meat.

Working with Frigoscandia, the Meat and Livestock Commission, Nottingham University and this Research Association at Chipping Campden, we have introduced this technology into the UK at one of our supplying abattoirs. The trials started in April. The process is effective and we are now establishing the exact conditions that will deliver optimum safety levels whilst maintaining the colour and quality of fresh beef.

MAFF are co-operating with us on this project completing the circle of interested parties fully engaged on a development which has enormous potential to improve food safety in this area. There will be an opportunity to extend and utilise this further within the UK.

## ***Salmonella***

*E.coli* O157 is an emerging problem, but *Salmonella* and *Campylobacter* remain the biggest sources of food poisoning today.

We believe customers have the right to safe and pathogen free poultry. Working with our suppliers many improvements have been made to create best practices in the industry today. These include the introduction of HACCP principles at hatchery level, accreditation of feed mills, together with modern hygienic processing and non-drip retail packaging. All this is aimed at eradication of *Salmonella*.

Once there is a reservoir of *Salmonella* in a poultry farm it becomes extremely difficult to remove. In 1995 nearly half of all UK poultry contained *Salmonella* and three quarters contained *Campylobacter*. That year we set up an expert group, drawn from industry and the academic world, to address the problem. At the time this was a difficult partnership to establish, but today it is seen as a model for dealing with any major food issue.

In the light of the success of Sweden and N. Ireland in reducing *Salmonella*, the group has been working to eradicate the bulk of the *Salmonella* problem by intervening at each stage of the production chain. This involves dropping unsatisfactory feed mills and hatchery operations, or re-designing them.

Using this approach, over four years, we have brought the incidence of *Salmonella* in chicken down from 40% to less than 5%. Some producers are now consistently free from contamination.

Total eradication of *Salmonella* is likely to require the use of an appropriate vaccine. For the egg-laying bird, our suppliers are already vaccinating free-range flocks against the major food poisoning strain associated with these birds. Duncan Maskell, at Cambridge, is working on a new generation of vaccines intended to protect meat producing poultry.

*Campylobacter* presents a more demanding challenge. The expert group is now focusing on methods of control and reduction.

## **Sewage Sludge**

I never thought as Chairman of Marks and Spencer that I would find myself talking about sewage sludge. Our concerns relate to the application of sewage sludge to agricultural land following the ban on its disposal at sea. Without adequate controls the potential for cross contamination into field crops is very real. There are a number of examples in other countries where casual disposal of contaminated sludge and animal waste has led to serious food poisoning outbreaks.

The scale of this potential problem should not be understated; it is arguably the most challenging food safety issue facing the fresh food industry today. Again, strength in numbers through co-operation has been responsible for ensuring that safeguards are being put in place.

The British Retail Consortium, together with leading food retailers, raised the matter with the water companies whose responsibility it is to dispose of sewage sludge in this country.

In conjunction with ADAS, these companies have now agreed safety controls regulating the application of sewage sludge on land. A research steering group has been set up, which is working again with the water companies in an ongoing research programme on the safe application of sludge.

All three examples - pasteurisation of beef, *Salmonella* control and sewage sludge - are good examples where disparate groups have joined forces to develop innovative ways of improving safety standards.

## Research and Development

Academic research has played a vital part in supporting these approaches. A vigorous and healthy research base, involving forward thinking scientists, will be a key factor in the future success of the food industry. But such a research base requires adequate facilities and funds to attract a constant stream of well educated and highly motivated researchers who are prepared to operate at all levels, from pure and applied science to focused product development.

Many of today's food safety problems will require a multi discipline approach. The examples I have just given illustrate this point. They will require better communication between industry and scientific bodies, and extensive networking across the traditional divides.

Central government is already encouraging collaboration between industry and the scientific research base through the LINK Scheme. This scheme deserves praise, not only for delivering practical scientific advances and successful innovation, but also for increasing interaction between industry and research at lab-bench level. Such close interaction on the ground allows projects to be clearly focused and increases mutual understanding of the issues to be addressed. And it encourages the type of partnership I have been discussing.

However, to be really effective and to be more widely embraced by industry, the scheme will need to be made less bureaucratic with shorter lead times from project inception to the start of research funding. Everyone must be made aware that the key to success in industry is the ability to respond quickly once an innovative idea is conceived. At the moment it can take up to 18 months from the inception of an idea until funding is provided. This is far too long and the delay must be reduced to avoid losing opportunities in today's fast changing world.

And the industry should be involved in government decisions on where the funding for research on food and agriculture should be placed. The Technology Foresight Scheme has helped to address the issue, by increasing industrial representation within MAFF and the Biotechnology & Biological Sciences Research Council.

A further word of caution on funding. Much of the funding appears to have moved towards biotechnology. This is, of course, of great importance for the future, but the role of **traditional** food and agriculture research, and its **continuing need for funding**, must not be forgotten, in the rush to exploit biotechnology and genetic manipulation.

An excellent example of successful interaction between industry and research institutions is the work of CCFRA. This RA has continually delivered progressive high quality food research and development programmes and at the same time producing practical advice to solve industrial problems.

## Education

I would like to end with a challenge for all of us here today.

The food and agriculture industries need people of the highest calibre in order to maintain a successful and innovative approach to the production of safe quality food.

Recruitment is becoming increasingly difficult due to a number of factors:-

- the industry's poor image as a result of media coverage
- the negative effect of food scares
- the perceived career restrictions
- comparatively low remuneration and rewards in the industry, and
- anti-social working hours

Recent years have seen a downturn in applications for agriculture and food degrees. The total number of undergraduates taking food science and related courses has fallen by 30% between 1995 and 1997. According to U.C.A.S. statistics there will only be approximately 450 students graduating in food sciences in the year 2000. This is for a UK food manufacturing industry employing 420,000 people. In contrast, 15,000 will graduate with degrees with information technology.

Therefore the challenge for the food industry is to attract the brightest students even when competing against the opportunities available for them in the IT, financial and marketing worlds.

The effort starts with schools where closer links must be developed so as to influence the way in which the National Curriculum portrays food and the exciting challenges faced by future generations. We must welcome teachers into our factories and laboratories to see the opportunities and careers that are available.

With the introduction of tuition fees many students are faced with the prospect of large debts after graduation. One way to attract students to study the food sciences may be to offer bursaries and scholarships covering tuition fees or to provide paid employment during a sandwich year or vacations.

Many of the companies here today, including ourselves, already operate a Business Placement Scheme. As well as providing financial assistance this exposes students to many aspects of the food industry. It is the responsibility of all of us to work together to promote long term careers in the food industry.

Maybe one way we could start is to portray farmers and the food industry together with the retailers in a more favourable light. Too often we are on the defensive regarding issues confronting the public. The success stories need to be heard.

## **Conclusion**

I hope I have shown that by working together in partnership we can achieve much more than any one enterprise or institution can on its own. Indeed I suggest that a partnership approach is essential if we are to regain and sustain the confidence of the food consuming public. The issues are complex and many of them are very pressing. But we can tackle them effectively if we work together.

To some extent I feel that I have been preaching to the converted, because CCFRA, as I have indicated, has a long record of co-operation. And many other organisations represented here today have experience of working together successfully in this way. By all means let us learn from the mistakes of past food scares. But let us also be proud of our achievements and be positive about the future, for it is essential that we all do what we can to raise the profile of the British Food Industry. If we adopt such an attitude, then I believe we can enter the new era with professionalism and confidence, to the benefit of all.