



Joining the Dots...

Collaborative food buying and sustainable distribution for London restaurants: A case study



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1. Introduction

This report is one of a series that analyses opportunities for improving the sustainability and economic viability of food supply chains serving smaller and community-based food enterprises. It has been commissioned by the Food Distribution and Supply strand of the Big Lottery funded Making Local Food Work programme,¹ which aims to reconnect people and land through local food; increasing access to fresh, healthy and local food with clear, traceable origins. The strand of work focusing on distribution – coordinated by Sustain – takes a particular interest in food hubs and other ways of consolidating supply to achieve efficiencies of scale and profitability, and hence create a more resilient market for local and sustainable food.

Sustain commissioned project officers from the Ethical Eats project to report on experiences, participant feedback and learning from:

- ❖ The ‘Joining the Dots’ workshop hosted at the beginning of 2009
- ❖ The pilot and initial implementation stages of the Clerkenwell Consolidated Ordering Group (Clerkenwell COG), which ran during 2009

Ethical Eats began its life in 2007 as a fledgling network of caterers sharing an interest in sustainability. It is now a Lottery funded project managed by Sustain: the alliance for better food and farming. The aim of the project is to advise London’s caterers on the many

¹ See the Making Local Food Work website at: www.makinglocalfoodwork.co.uk/

different aspects of running a sustainable business through workshops, seminars, events and one-to-one support. Ethical Eats currently communicates with some 800 catering businesses in London. Promoting the use of sustainably sourced and delivered produce remains an important part of its agenda.

In January 2009, the Food Distribution and Supply strand of the Making Local Food Work programme worked with Ethical Eats to host a workshop, *Joining the Dots*, to look at the possibilities for a local food hub in London. Present at the workshop were representatives from each stage in the existing supply chain including wholesale suppliers, wholesale market representatives, local producers, chefs, restaurateurs and delivery companies. London's existing food supply system "from farm to restaurant fork" was discussed, as were the problems associated with this supply chain and the possible areas where improvements could be made.

One of the outcomes of this work was a report by the specialist sustainable food brokerage organisation East Anglia Food Link (formerly a local project partner in the Food Distribution and Supply strand) on the possibilities for a London hub, which the MLFW programme funded.² Another outcome with more immediate practical effect was the formation of a small group of restaurants in and around Clerkenwell, North East London, who wanted to address the issues raised in the workshop and see if they could do something to change the way their existing supply chain worked.

2. Why is this an important issue?

2.1 Environmental concerns

Currently, London's food supply system to restaurants consists of a number of supply chains providing food to the city's caterers via lorry and van. Some of these are dedicated food-service supply chains set up to service multi-site catering businesses. Some are slightly smaller-scale, using London's wholesale markets as a distribution centre and tending to supply smaller groups and independent retailers and caterers. Some are completely independent, operating directly from a farm or group of farms, and often servicing individual outlets. The sheer number of trips being made in and around London to ensure the survival of all these supply chains results in a huge volume of traffic in the city every day of the week, which raises concerns about congestion, economic and fuel efficiency, and unnecessary greenhouse gas and other harmful emissions. Furthermore, in many instances, the vehicles on the road are not carrying a full load and do not make economic use of return journeys (known in the trade as 'backhauling'), which makes inefficiencies even worse. This is particularly true of the third group of independent suppliers who may be making a journey to service only a small number of customers.

² East Anglia Food Links (2009) Making Local Food Work supply chain development: A new local and organic food depot for London? Report on research and consultation on viability and options. Available to download at: <http://www.makinglocalfoodwork.co.uk/about/ds/eastangliafoodlink.cfm>

2.2 The cost of doing business for London's local food producers

Looking in more detail at these smaller, independent suppliers and listening to their concerns at the workshop it seems that the way in which they currently deliver can have an effect on both the economic viability and environmental sustainability of their businesses. There is a growing demand for seasonal, local and sustainably produced food amongst consumers.³ Restaurants and retailers are reacting by sourcing more from local farms and encouraging suppliers to deliver produce directly. This often results in a number of small-scale suppliers attempting to deliver to outlets all over the city, adding to their cost of sale and using up valuable time.

Furthermore, this costly and time-consuming distribution method means that these smaller suppliers can only take on a finite number of customers before they need to make significant changes to their equipment, vehicle, staffing and other arrangements, which will undoubtedly undermine their profitability. In discussions after the *Joining the Dots* workshop London grower, Chris Herald, summed it up:

*'I would love to take on new customers, I know the demand is out there and I would love to see my produce being served in as many London outlets as possible. The problem is time, space and a one-man-band's capacity to grow his business without the proper support.'*⁴

In addition to all of this and related to the number of customers that a small-scale producer can take on is the issue of payment. For any small business cash flow is incredibly important, and smaller businesses are particularly vulnerable to the effects of delayed or unpredictable payments. For a small supplier delivering relatively low-cost goods at a small profit, cashflow is absolutely key to their survival. Unfortunately, the realities of doing business dictate that the more customers you take on, the more late payers you will have to contend with. As with the costly and inefficient method of delivery, this can discourage small suppliers from seeking out the new customers that they really need to grow their business.

2.3 Access to local food for London's caterers

The main concerns coming from the restaurateurs and chefs round the table related to access to the produce they need to satisfy the growing demand from their customers for local and sustainable food. As particularly busy individuals with little spare time to invest in research, attending industry events or making new contacts, they find it very difficult to seek out new, small-scale suppliers. If they had been able to locate or meet a local grower or farmer, they find it hard to convince him or her to deliver to their restaurant, most likely as a result of the associated costs and other complications discussed above. Should they actually start a trading relationship, they said that they often do not have the spare time necessary to cultivate this relationship and iron out any teething problems. It seems more likely that if there are problems with the first few deliveries the relationship will fizzle out. Chef and

³ Institute of Grocery Distribution, Retail and Foodservice Opportunities for Local Food. March 2006

⁴ Workshop feedback, Chris Herald, Wild Forest Foods, grower from North West London specialising in vegetable and salad crops: www.wildforestfoods.co.uk

restaurateur Oliver Rowe's experience with some of his suppliers is typical of the sorts of issues raised:

*'A key aspect of my business is finding local suppliers and as a result I have put a lot of time into seeking out some of the best inside the M25. What I have come to understand is that finding the growers and the farmers is the easy bit. The really hard part comes when you realise you might be the first restaurant customer the grower has had. It takes time to work together to get a system going and time is something chefs aren't blessed with.'*⁵

3. What did we do about it?

3.1 Forming the Clerkenwell Consolidated Ordering Group

As a result of the *Joining the Dots* workshop and in response to the issues raised and discussed above, a group of chefs, restaurateurs and retailers began meeting in an attempt to overcome some of the barriers preventing them from buying local, seasonal and sustainably produced food. The Clerkenwell Consolidated Ordering Group (known as the Clerkenwell COG) consisted of the following founding members:

- ❖ Caroline Bennett, Moshi Moshi and Soseki⁶, City of London
- ❖ Catherine Conway, Unpackaged⁷, Clerkenwell
- ❖ Anna Hansen, The Modern Pantry⁸, Clerkenwell
- ❖ Camille Hobby-Lindon, The Charles Lamb⁹, Islington
- ❖ Thomasina Miers, Wahaca¹⁰, Covent Garden
- ❖ Emma Miles, The Clerkenwell Kitchen¹¹, Clerkenwell
- ❖ Oliver Rowe, Konstam¹², Kings Cross
- ❖ Mark Sainsbury, The Zetter and Moro¹³, Clerkenwell
- ❖ Peter Weeden, Paternoster Chop House¹⁴, City of London

Ethical Eats project officers Jamie Ford and Charlotte Jarman were asked to help organise the meetings and provide some general assistance and guidance. The group met on average once a fortnight while it was deciding on the best way forward.

⁵ Workshop feedback from Oliver Rowe, chef and restaurant owner, Konstam, King's Cross area of North London, www.konstam.co.uk

⁶ Moshi Moshi: www.moshimoshi.co.uk and Soseki: www.oseki.co.uk

⁷ Unpackaged: www.beunpackaged.co.uk

⁸ The Modern Pantry: www.themodernpantry.co.uk

⁹ The Charles Lamb: www.thecharleslambpub.com

¹⁰ Wahaca: www.wahaca.co.uk

¹¹ The Clerkenwell Kitchen: www.theclerkenwellkitchen.co.uk

¹² Konstam: www.konstam.co.uk

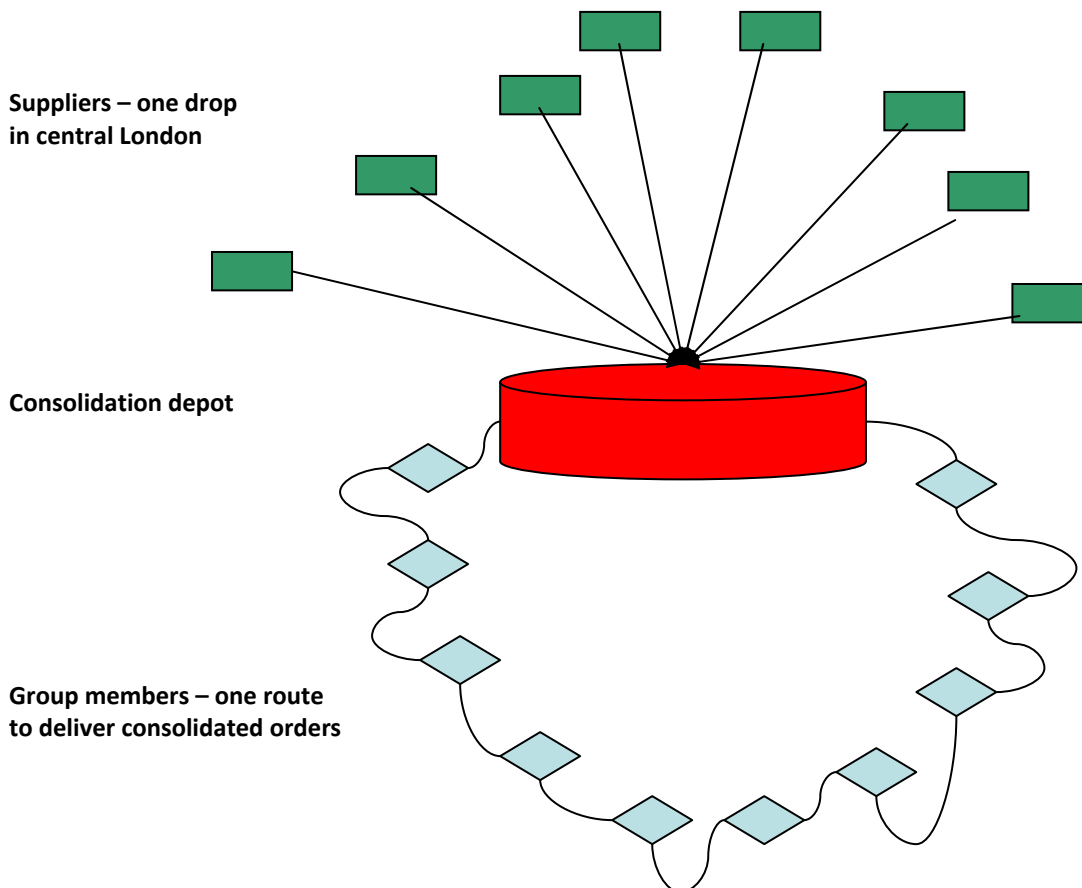
¹³ The Zetter: www.thezetter.com and Moro: www.moro.co.uk

¹⁴ Paternoster Chop House: www.danddlondon.com/restaurants/paternoster/home

3.2 How did it work?

After initial discussions it became clear that in order to address the issue of access to local produce for restaurants, the group would have to initiate an approach that also reduces the cost of doing business for the suppliers. By making it easier for small-scale, local suppliers to start supplying the catering and retail sector the group would have improved access to great, local produce and a reliable supply chain.

An early version of the Clerkenwell COG ordering and delivery arrangements can be visualised as follows:



The resulting group ordering arrangements were based around a central depot into which multiple suppliers would deliver. The cost of this depot was to be shared by the members of the group and the money was to be collected as a monthly membership fee, which aimed to cover administration costs as well as the cost of the depot.

Once delivered, the produce would then be consolidated into one package per restaurant and delivered by a third party. The cost of the third party delivery was to be shared by the members of the group with the aim that this cost would be negated by seeking discounts from suppliers in return for ensuring a minimum spend per drop and prompt payment. The idea behind it being that each supplier would only need to make one drop per journey into London thus saving both time and money whilst ensuring they had access to a permanent and reliable customer base.

As an extra step towards tackling the issues around this particular part of the supply chain, the group decided that they should seek to work with an environmentally responsible third-party distributor. Through Ethical Eats the group was introduced to Lowhub, a low-carbon delivery company operating out of New Covent Garden Market. Lowhub uses both electric and bio-diesel vehicles to transport goods around the city. It also uses a pricing structure specifically designed to encourage customers to fill cargo spaces, thus working towards maximum efficiency for every journey.

3.3 Clerkenwell COG suppliers

Once a system had been designed and was ready to be tested, the Clerkenwell COG group needed to bring on food suppliers willing to trial the arrangements. It was decided by the group that the list of suppliers to be involved in the trial should aim to supply produce in line with what the group believed to be food with good sustainability credentials. As a guideline the group used Sustain's seven principles of sustainable food¹⁵ with an emphasis on small-scale, local and often niche produce. Ethical Eats project officers began contacting known and trusted growers and farmers in and around greater London. They also worked closely with partner organisations to find local producers who could meet sustainability and quality credentials. For example the Soil Association¹⁶ helped finding organic growers close to London and the Pisces Responsible Fish Restaurants network¹⁷ advised on appropriate sources for verifiably sustainable seafood. The final list of willing participants for these consolidated order and delivery arrangements was as follows:

- ❖ Forager, Kent, wild foods (www.forager.org.uk)
- ❖ Hazeldene Farm, Buckinghamshire, free range pork (www.hazeldenefarm.com)
- ❖ Hughes Organics, Norfolk, organic vegetables, fruit and herbs (Attleborough, Norfolk, NR17 2LD, 01953 454989)
- ❖ Kentdown Mushrooms, Kent, mushrooms (www.kentdownmushrooms.co.uk)
- ❖ Kernowsashimi, Cornwall, fish and seafood (www.kernowsashimi.f2s.com)
- ❖ Natural Farms, Sussex, free range meat (www.naturalfarms.co.uk)
- ❖ Pinny's of Orford, Suffolk, fish and seafood (www.butleyorfordoysterage.co.uk)
- ❖ Rookery Farm, West Sussex, eggs (www.rookeryfarm.com)
- ❖ Stanhill Farm, Kent, fruit and vegetables (www.stanhillfarm.co.uk)
- ❖ Sunnyfields Farm, Hampshire, organic vegetables and herbs (www.sunnyfields.co.uk)
- ❖ The Garlic Farm, Isle of Wight, garlic and asparagus (www.thegarlicfarm.co.uk)
- ❖ The Tomato Stall, Isle of Wight, tomatoes (www.thetomatostall.co.uk)
- ❖ Wild Forest Foods, North London, salads and herbs (www.wildforestfoods.co.uk)

By and large the reaction of producers to the project was a positive one. The majority of producers seemed pleased and surprised that a group of potential customers were acting out of a desire to gain greater access to local produce and that in order to do so they were looking at the issues from the point of view of the farmer as well as their own.

¹⁵ Sustain's 'Sustainable Food Guidelines' are available at:

<http://www.sustainweb.org/sustainablefood>

¹⁶ Soil Association: www.soilassociation.org

¹⁷ A restaurant-led initiative that links sustainable fisheries with chefs: www.pisces-rfr.org

The one aspect of the proposal that was not met with instant approval was the cost associated with the distribution system and the savings that the customers would be looking for as a result. Many suppliers expressed unwillingness to offer discounts up front until there was a proven record of commitment and a guaranteed volume ordered by group members.

3.4 The Clerkenwell COG in action

Having established the group, a core list of suppliers and an agreed relationship with a third-party distributor, it was time to trial the system. Getting a trial underway (during 2009) required a certain degree of both enthusiasm for the project and trust on both sides of the supply chain. It also soon became apparent that there was a great deal of administration involved. For the purposes of the trial an Ethical Eats project officer performed this role.

The group, Ethical Eats and the Pisces Responsible Fish Restaurants network¹⁸ worked together to trial the system with a delivery of seafood from Kernowsashimi in Cornwall and Pinney's of Orford in Suffolk. The deliveries were to take place on a Thursday to ensure that restaurants had fresh fish for their busiest services on Thursday evening and Friday lunch.



Lowhub distribution uses electric and recycled oil biodiesel to run a low-carbon fleet of delivery vehicles, operating in several of London's fresh produce wholesale markets, and specialising in coordinated and collaborative orders for fuel efficiency.

The process started by the fishermen on the Cornish and Suffolk coasts emailing the members of the group on Monday with likely availability for that week. On receiving the information, the members of the group then placed orders directly with Kernowsashimi and Pinney's via email on Tuesday, copying in both the group administrator and the third-party distributor, Lowhub. The fishermen were then out on the water Wednesday night and early Thursday morning. Once the boats landed at 4am Thursday morning, Kernowsashimi and Pinney's would pack the fresh fish corresponding to each order, marking each box appropriately and send the goods up to the consolidation depot at New Covent Garden Market. By 9am all the fish had arrived and had been loaded on to an electric vehicle ready for onward transportation. By midday on Thursday, Lowhub had made its rounds to each group member and fresh fish was being served in some restaurants for lunch less than 12 hours after the catch had been landed.

¹⁸ A restaurant-led initiative that seeks out and links good fishermen with chefs. www.pisces-rfr.org

3.5 Results

Overall the trial had been a success. The buying group members reported that they were very impressed with the quality of the fish. The fish suppliers had only needed to make one drop in London, which saved them valuable time and cut delivery costs considerably. They were also able to go out fishing knowing they had secured a certain number of orders. Lowhub had found it relatively easy to receive deliveries from the fishers. There were some complications when consolidating the orders as some boxes were not correctly marked, but a quick call to the suppliers soon fixed the problem.

The only issues that came to light as a result of the trial were to do with invoicing and the added costs associated with using a consolidation depot and a third-party distributor. If a restaurant was to use any of the suppliers involved in the trial independently, they would pay one invoice, in which the supplier would have allowed for the cost of the produce, administration costs, plus delivery to a London address. However, with the hub system, restaurants would continue to pay the supplier invoice which would still include administration and delivery costs (albeit slightly less as a result of a consolidated order) but they would also pay another invoice for the cost of redistribution in London.

For the purposes of the trial, the majority of restaurants ordered a small quantity of fish so as to test the produce. The minimum order quantity was 10kg and that was the average order size amongst the group. As a result, the redistribution became expensive and the average cost of this came to £25 per drop. On top of this, there was a small handling fee of £10 per drop as the large boxes of fish had to be broken down and split into individual packs for each restaurant. After all these supplementary charges it became clear that the average price of the fish was inflated by £3 –to £4 per kilo, which could be prohibitive and also affect profitability.

It was argued that this increase was artificially high as any savings passed on by the suppliers would have a more gradual effect on the overall cost of the goods and that after time the inflated costs would level out. Unsurprisingly this was a difficult sell to the group members and was the cause of some concern in discussions and review during the weeks following the trial.

3.6 Continuation and compliance

In turn this had a negative effect on the project as a whole. A trial with fruit and vegetable suppliers was postponed due to negotiations between the group and Lowhub over delivery charges. Some group members started using the nominated suppliers on an individual basis and began to use the group meetings as a discussion forum rather than a mechanism for getting the consolidated ordering off the ground. As time passed it became clear that any further trial was going to require a monetary commitment from each group member and, crucially, from each supplier. Unfortunately the majority of the group felt that this was too big a step to take and the project came to an end.

4. Conclusions

Although the final outcome of this project was disappointing, in that it did not result in a permanent collaborative arrangement, it did demonstrate many of the positives and negatives of such an approach, and gave pointers as to what issues might need to be addressed for future similar initiatives. The prospect of consolidated ordering for groups of businesses remains an attractive proposition, and it seems that it is the systems and relationships that are make-or-break.

One of the most positive and tangible outcomes of the project was the understanding that restaurants can really benefit from forming relationships with neighbouring businesses. Although the consolidated ordering arrangements never really became established and effective, it was clear that each group member benefited from the meetings where they discussed and shared suppliers; devised joint marketing plans and combined forces on staff training.

Another positive aspect of the process was the reaction of the suppliers, all of whom were very keen to take part in a trial and the majority of whom said they would have been willing to offer the buying group a discount in return for a commitment to purchasing a certain volume. If this system was attempted again in the future, they gave the clear impression that it would not be the suppliers that would slow it down; they were very positive and eager to get behind it.

On the contrary, the party more likely to halt progress would be the buyers. Unfortunately the only way for such a system to work is for the group members to make a financial commitment to fund the consolidation depot and the group administration. A long-term point of view needs to be applied in this instance, something which is very difficult to do without any proof that the investment would pay off.

When the project did come to an end, it was suggested that perhaps Ethical Eats, as a not-for-profit facilitator with a remit to promote small businesses, sustainability and ethical purchases, should apply for some charitable or development agency funding to run a more formal trial and demonstrate that the system could work in earnest. While that may have given the group the tools to take the project one step further, Ethical Eats felt that for the scheme to be grounded in commercial reality and impetus, the chefs, restaurateurs and suppliers themselves must drive an initiative such as this and it must be their commitment that creates a successful model. Without that, the system would fail as each party would be too reliant on funding to take up the slack when minimum order values were not reached or suppliers failed to meet required delivery times.

Another issue that would no doubt prove problematic should the approach ever be employed again would be the sheer amount of administration involved in getting it to work. It was always felt by the group that technology might exist (or be developed cost-effectively) that could allow individual group members to place orders directly with suppliers whilst consolidating these orders and providing the supplier and the distribution company with consolidated bulk orders for ease of transport. A few enquiries were made during the project but this is an area that would require more attention in future attempts.

The importance of efficient ordering and consolidated demand for sustainable food will not diminish among London's restaurants, food retail and catering sector. Industry reports and experience shows that the demand for local and sustainably produced food is rising all the time, as is the need to reduce the number of vehicles on our roads and increase the efficiency with which they are used. There is help to make steps in the right direction. For example, the newly formed Sustainable Restaurant Association (see below) should be a great help to any restaurants wanting to make a difference. However, like any change, each restaurant will have to make a commitment and stick to it. We conclude that the key to the success of any future initiative will be the commitment of individual outlets to run their businesses in the most environmentally responsible way possible.

Useful contacts for further information and advice

Ethical Eats is a network of London's eateries brought together by sustainable food experts London Food Link to champion an ethical approach to catering. Ethical Eats is supported by the Big Lottery's Local Food Fund. As well as advising businesses on buying sustainable food, the network has teamed up with the Greenwich Cooperative Development Agency (GCDA), Carbon Descent and LRS Consultancy to help catering businesses embed sustainability throughout, including by conserving energy and water, reducing waste, and recycling materials such as glass, food and used cooking oil. See: www.ethicaleats.org

The **Sustainable Restaurant Association** is a new national not-for-profit membership organisation for restaurants working to become more sustainable. Member benefits include practical advice and tips, guidance from a personal Account Manager, a help hotline, access to the SRA Supplier Directory including offers and discounts, automatic entry into the SRA Restaurant Directory, Member news and Member-only events. See: www.thesra.org

The **Food for Life Catering Mark** rewards caterers interested in demonstrating to parents and schools that they can provide menus that use fresh, seasonal, local and organic ingredients, high welfare meat and sustainable fish. The Food for Life Catering Mark criteria reflect good practice in healthy and sustainable school meals, having been developed in consultation with a wide range of leading school caterers from the private, independent and local authority sectors. See: www.foodforlife.org.uk/resources/catering/catering-mark

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**Sustain: The alliance for better food and farming, 94 White Lion Street, London N1 9PF.
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