

## 4 The Vintage Winery - Pressed from all sides

Septimus Grappa was in his office and it felt like the problems of the world were on his shoulders. His main top end market was in the doldrums; all those financial whizz kids who thought nothing on a Friday night happy hour of spending £500 on a bottle of wine were now drinking inferior stuff at £50 per bottle. Over the last couple of years, he had sold small quantities to the big supermarkets, but now they were starting to press for greater volume at cheaper prices. It seemed that 3 for 2 or BOGOF deals was their intent and he could see his reputation going down the drain. What's more these buyers didn't seem interested in discussing the situation. What to do?

Over the last few years, he had cracked the whip and got his suppliers working as efficiently as any other modern operation. Bottles no longer turned up bent or grapes mushy. In order to preserve his current ranges, he needed to produce a new cheaper line but how to tackle this because there was no slack left in his supply system. He could try shouting at them louder!

He decided to call Alex, owner of the Wiggly Vine vineyard because he'd heard a rumour that they'd got new capacity that they hadn't told him about:

*"Hi Alex, Septimus here. You've got this problem. It looks as if next year we are going to have to produce some new cheaper lines in serious bulk without undermining our current products. How are you going to do this?"*

There was stunned silence at the other end of the line, followed by a full blast:

*"You have a gall. You've squeezed us dry and now you're back for more? We've already pruned our costs to the wood. Vines don't just double production just because you tell them to! Furthermore, you are my worst payer and you are always making no notice requests for deliveries and on top of this you seem to make up your quality specs as you go along. Why should I find the flexibility to bulk-up for you?"*

Three weeks later at a historic meeting at Vintage Winery:

Septimus chaired the meeting, *"This is the first time we have brought together our buyers and suppliers around one table, welcome all! It seems to me that if we don't work together, we are going to go down the tubes and that's in no-one's interest so let's see how we can tackle this."*

Val Queen of Very Large Supermarket plc chimed in, *"I've never done this sort of thing before but I've got to tell you our supermarket is being pushed to deliver VALUE FOR MONEY. And if we don't, our competitors will. I propose that we create a special range and call it Special Range."*

At this point there was a lot of furious whispering on the supplier side of the table and eventually Alex, who seemed to be appointed spokesman announced, *"We've never done this sort of thing before either. Nobody has ever asked us what we can do - we've always been told. This is refreshing! I'm sure that we suppliers would like to get together and increase production for you and help to design new products."*

*"Aha!"* said Septimus, jumping in with both feet, *"I heard you had some vines you had not told me about, so it is true!"*

Alex ignored that and said, *"Val what specifically would you like us to do."*

Septimus seeing control drifting away, *"Hold on a minute - I'm chairing this meeting, you lot are out of order! Okay let's see what we need to do to plan for the future but I can see us having to get together like this quite often to look at results and decide where we are going next."*

*"Cheers!"*



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