



OTTEVANGER
MILLING ENGINEERS



Casestudy: Fane Valley

Fane Valley, on its way to meet their goal.

Feed Compounder - November/December 2017 - Interview with Managing Director David Garret

With a dedicated ruminant mill in the south east of the province at Newry, and a multi-species mill, commissioned in 2010, built on a green field site further to the west at Omagh, Fane Valley Feeds has set itself the ambitious target of achieving 300,000 tonnes of profitable production by 2019-20. By the end of this year, the company expects to be producing in excess of 280,000 tonnes, so it is well on its way to meeting its goal. Feed Compounder editor Andrew Mounsey visited the mill at Omagh and spoke with Fane Valley Feeds Managing Director David Garrett to find out more about this rapidly growing company.

It was not until 1982 that the Fane Valley farmers' co-operative moved into the manufacture of animal feed following its acquisition of Robert Sands of Newry, a small compound mill producing some 5000 tonnes per annum. Then, in 2000, the Scotts Feeds mill at Omagh was also acquired. But the story begins many years earlier. In fact it was in 1850 during the Irish famine that the original mill at Omagh started to process oats to help feed the population; previously there had been a brewery on the site. Oat milling continued uninterrupted right up until the 1960s, when the decision was taken to concentrate on the production of



animal feed (which was really taking off at the time) rather than diverting resources to fix a problem which had developed with the water-powered mechanism driving the old oat milling equipment. Fast forward to the 1990s and the Omagh mill was producing some 80,000 tonnes per year, mostly of poultry feeds with much smaller quantities of feeds for pigs and for ruminants. The loss of a major poultry customer as a consequence of their decision to become an integrated operation certainly concentrated the minds of the company's directors. With the poultry market being so consolidated, it was difficult to gain new customers, whereas ruminant business, especially in the west of the province, was spread out across a far greater number of farming enterprises. So the decision was taken to expand the ruminant sales team to target this sector with the aim of increasing production to 100,000 tonnes by the turn of the century. David Garrett (right), now Managing Director of Fane Valley Feeds and the host for my visit to the company, was brought in in 1996 to head up the newly expanded ruminant sales team at Scotts Feeds. Shortly afterwards, talks started with Fane Valley about the possibility of a joint venture but, in the event, these turned more towards the possibility of Fane valley acquiring Scotts Feeds outright, and indeed this was what happened in late 2000.



The management team from Scotts Feeds was kept in place for a number of years, and thus the long-held ambition to build a new mill to replace the old one, which was located right in the centre of the town, was kept alive. Five years after the acquisition, with output from the mill approaching 140,000 tonnes per year and growing, it was decided to press ahead with these plans. So a new mill project was put in place and this culminated in the Dutch milling engineering company Ottevanger being given the green light in early 2008 to proceed; by 2010, when the new mill was commissioned, 163,000 tonnes of production was transferred across to it, and it has grown ever since. To provide some context, it is instructive to consider just how much the feed sector in Northern Ireland has grown, moved and consolidated over the past 30 years. Back in 1985, around three-quarters of feed produced in the province was manufactured in and around Belfast. The biggest producer located in the city was Thompson; the UK nationals were also represented in the capital in the shape of BOCM and Dalgety, whilst J Bibby and Jordan's mill were in nearby Lisburn. By 2016, all of these had been subsumed into Thompson, which, unsurprisingly therefore, has consolidated its position as Northern Ireland's largest producer. The second largest in 2016 was Fane Valley Feeds with around 12% market share. Moy Park, which took over the McLarnon feed business (a middle-ranked compounder back in 1986), has grown hugely over the last several years because of the growth of the broiler market, and today is probably neck-and-neck with Fane Valley in terms of mill output. The fourth largest compounder left in the province is United Feeds which came from a consolidation of the Andrews and Wilson mills. Besides these top four (all that is left of the largest dozen compounders in Northern Ireland in 1986) there are a number of other smaller compound mills which have grown over the intervening period, as well as a collection of blenders, particularly in the West. Arguably, the biggest change, though, is that over these 30 years, the industry doubled in size from 1,115,000 tonnes in 1986 to 2,300,000 tonnes in 2016. And it doesn't seem to have stopped growing since, with production in the first half of 2017 at record levels.

Such a massive increase in output was certainly not anticipated in the mid-eighties. In fact, David can recall that, when he entered the feed industry in 1984, some people questioned his wisdom in opting for a career in the trade. Following the introduction of milk quotas in 1984 it was widely forecast that dairy farmers would largely be feeding grass and that the feed industry would be declining. Instead, because many producers in Great Britain stepped back and reduced output, dairy farmers in Northern Ireland were able to overproduce without any fear of levy. As a result, farms have become bigger, not necessarily in acres but in terms of herd size and cows are now fed as much over the summer months as they used to receive over a full lactation. In effect, with a quota situation keeping milk prices artificially high and low production elsewhere in the UK, dairy farmers in the province had a free hand to enlarge. Now that the quota regime has ended and farmers are once again exposed to world market forces, the environment has become more challenging. There is excess production in many parts of the world, with cheap grain driven by cheap oil helping dairy systems, which depend on grain in North America in particular. Coupled with this, we have farms in New Zealand producing milk from grass and selling into already oversupplied markets, which creates a perfect storm in which prices are depressed even further. So it has been a challenging time and dairy domestic feed tonnage has been affected, although it is now recovering as the market adjusts and milk prices come back again. Like New Zealand, Northern Ireland has a grass

advantage, but one which has been eroded because farmers have had the artificial situation of quotas which allowed them to make a good margin irrespective of efficiency. So there has been a refocussing on grass and on how to get the most out of it.

“In order for our farmers to be efficient and viable, we need them to be sustainable,”

says David.

“If they are sustainable, we are sustainable.” There is a cost advantage to grass-based systems, but also an image advantage, with some supermarkets offering a premium for milk from cows which are grazed for a certain number of hours in the year.



Above: Management at Fane Valley Feeds. Amanda Dawson, Trevor Pollock, David Garrett, Ronan McCanny, Barry Goodwin, Barraí McConville, Conall Quinn, Glenn Speer, Rita Muldoon

There has been a huge growth in poultry and free range egg production in Northern Ireland, and layers production in the Omagh mill has approximately doubled over the last 10 years. On the pig side, sow numbers crashed in 1998 when prices for pig meat plummeted as a result of oversupply, which led to many farmers going out of business. From about 72,000 sows, numbers fell to 30,000 but they have since recovered to about 46,000. With the increase in the number of piglets produced per sow per year, total numbers of pigs produced is not that far behind 1998 levels. However, many mills went out of pig feed production in the interim with the result that there are now only three major producers left in the province. Consequently, pig feed tonnage at Omagh is much higher than the level it was in 1998.



“We feel that Fane Valley Feeds has a very solid base, now, which is what we set out to do. Stability comes from spreading across pigs, poultry and ruminant; there is always at least one sector doing well,” says David. “A three-legged stool doesn’t rock.”

Of the company's two mills, it would be fair to say that the one at Omagh is the jewel in the crown. Commissioned in 2010, it is now producing over 220,000 tonnes of feed per annum, of which approximately 120,000 tonnes is monogastric and 100,000 tonnes is ruminant. The mill is segregated between monogastric and ruminant into two mixing lines and four press lines and the entire manufacturing process is controlled by DSL Systems AutoPilot4Feed software. All the presses are Pelleting Technology Nederlands and the grinders are Wynveen (both brands owned and manufactured by The Triott Group) and everything else, including the mixers and the coolers, is Ottevanger Milling Engineers own brand kit, and all identical. This consistency across the lines ensures that a minimum number of spares need to be kept. Additionally, training for staff in the operation or maintenance of machinery is efficient because once they know one machine, they know them all. Each press line is fitted with a Boa compactor ensuring the conditioning process is both energy efficient and produces consistent material, which is critical for obtaining high quality pellets. As David says, his Operations Director, Ronan McCanny "is always looking at ways to cut costs, but never cut corners". As an example, one line has been fitted with auto-roll adjustment technology to improve pelleting while reducing die wear; given how well this has worked it is planned to expand this on to the other lines in due course. Over the last number of years there has been a preventative maintenance strategy developed which aims to ensure that both mills are as reliable and safe as possible whilst providing a platform for continuously improving the machinery and processes. As part of that strategy,



Our Master software is employed as a planning and reporting tool for all planned and reactive maintenance activities. In addition DSL's OEE4Feed software has been introduced to enhance the ability to analyse downtimes, throughput rates and machine availability, all of which continues to further improve mill efficiency and reduce costs.

The mill is organised into a five-day working pattern with Saturdays given over to maintenance, so production starts at midnight on Sunday and continues right through until midnight on Friday. There are two bulk outloading bays with integrated live weighbridges for 98% of the mill's output (the remaining 2% is packed in bags and then distributed through the 15 outlets of the separate Fane Valley Stores business, headed up by Des Ferguson). While the mill at Newry is much smaller and older than the one at Omagh, recent investment has turned it into "a very nice environment for the staff that work there," says David.

Since 2012, it has been rewired, has had a new control system installed to mimic the one at Omagh, a new molasses mixer and live weighbridge, and has had a lot of refurbishment inside and out. It has grown steadily over the last several years and now produces 55,000 tonnes per annum, solely of ruminant feeds. Essentially it is running flat out through its single mixing line and two presses, working two shifts over five days. It is also ideally located for its customer base in the east of the province and because of this and because it is operating at capacity, it is actually very efficient. All the company's administration is done at Omagh, being the head office, so there are only dispatch operators, mill operators and drivers based in Newry. The executive team at Fane Valley Feeds consists of David Garrett, Managing Director, Glenn Speer, Sales Director, Barraí McConville, Financial Controller and Ronan McCanny, Operations Director.



Above: The mill at Newry

Reporting to the executive team, Alan Thompson, (Product Manager) manages formulations, Amanda Dawson (Technical Manager) manages the quality systems and Conall Quinn (Transport Manager) heads up the planning and transport operations. Both mills are kept running smoothly by Trevor Pollock and his team of engineers. There are around 80 employees in total across the two sites. As the business has grown, so it has been necessary for the management input to keep pace. The same management is responsible for both mills, so for example the Mill Engineer looks after both sites and the Transport Manager oversees transport in and out of both locations. Glenn Speer ably assisted by Ruminant Field Sales Manager Wayne Cunningham manages the sales department. In order to give the best technical support to customers, the preferred strategy is, where possible, to maintain direct contact with the end customer. The sales team is trained on rationing and can use NIR forage analysis on farm. They receive regular training sessions and new representatives are all given an induction, as part of which they have an opportunity to undertake a postgraduate diploma in ruminant nutrition. They are also given training on the observation of animal behaviour, which can be helpful in diagnosing issues at farm level. Monthly briefings keep the team abreast of markets and of new developments. The company operates its own fleet, giving it the ability to offer better service to its customers. At the time of my visit there were 21 vehicles across the two sites, five based at Newry and 16 at Omagh, and two more brand new vehicles were due to be delivered in October. Back in 1996, the company had just seven lorries overall.

And it is not just the number of vehicles which has grown, the size of them has increased as well. Whereas previously 16 or 18 tonne rigids predominated, today more and more farms are able to accommodate larger lorries, with the result that the company can now deploy mostly 38 tonne gross articulated vehicles with a payload of 23 tonnes, and it even has a couple of 44 tonne artics capable of carrying 27 tonnes of feed. "We are very proud of our fleet," says David.



"They are all liveried up so they are very visible on the road, which is great advertising." Interestingly, feed production is planned to suit the lorries and not the mill.

This is unusual in my experience. Usually, production is planned to maximise the efficiency of the mill and the vehicles are organised around this. But at Fane Valley the belief is that overall efficiency is maximised if the lorries are getting the loads they need to allow routes to be planned as effectively as possible in line with driver regulations; it is very important, they believe, not to have any more waiting time than absolutely necessary. Every lorry is fitted with a tracker, which means operators know when it is returning to the mill, so the next delivery can be ready, allowing for a quick turnaround. Many customers are within a 30-minute drive from the mills, and the majority are within an hour, so it is normal for each vehicle to make three or four runs per day. In conclusion,

David makes the point that every business Above: Despatch office team. Stephen Spence, Ben Bingham, Sandra Cunningham Richard Glass, Conall Quinn (Transport Manager) needs a competitive advantage if it is to prosper.

Fane Valley's main competitive advantage is the high level of service they can offer. "We have an ethos of service. We have the right kit and the right people. Our proposition is consistent with our vision, which is 'Performance you can rely on'. Consistency will help our business to grow," he says. "We invest in our people, and our people are another of our competitive advantages.

We train them well and make sure they have all the equipment and all the skills they need to perform their jobs effectively. All staff know exactly what their role is so they know exactly what is expected of them. We believe in both challenging and supporting our employees by way of coaching and mentoring. Everybody understands their responsibilities and knows where they fit into the business."

"Our ethos is honesty, integrity and consistency.

Our strapline, 'Performance you can rely on' is displayed on every vehicle. To us this means performance in every aspect. Not just our feeds, but the performance of our salespeople, our delivery performance, the performance of people speaking to customers and how polite our drivers are." "At the end of the day," David concludes, "our customers actually own the business.

This is a co-op with 1200 farmer shareholders. Which is why it is so important for the people working for those customers to know who they are, what they do and how they do it."

About Ottevanger Milling Engineers

Ottevanger Milling Engineers is a leading global supplier of production equipment and processing lines for the grain processing and compound feed industry. Founded in 1909, Ottevanger Milling Engineers is today still an independent, privately owned, successful Dutch company, managed by of the fourth generation of the Ottevanger family. At our modern and well-equipped manufacturing facilities in Aalten and Moerkapelle, Ottevanger designs and produces a comprehensive range of process equipment incorporating to the latest standards and techniques. Ottevanger does business world-wide as a dependable, high-quality component supplier, but also as a prime contractor or subcontractor on large-scale projects. The best solutions are the result of close cooperation with our customers, from the initial start up to the successful commissioning and handover of the project. Thanks to its expert know-how, gained over it's one hundred years' existence, Ottevanger is the ideal partner for the implementation of your project





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Ottevanger Milling Engineers B.V.

Location: Moerkapelle
Moerkapelse Zijde 32
2751 DL MOERKAPELLE
The Netherlands

Tel. +31 (0)79 593 22 21
Fax +31 (0)79 593 11 47
E-mail mkp@ottevanger.com
www.ottevanger.com

Location: Aalten
Dinxperlosestraatweg 62
7122 AH AALTEN
The Netherlands

Tel. +31 (0)543 472 688
Fax +31 (0)543 475 475
E-mail aalten@ottevanger.com
www.ottevanger.com