

Case study: cofco

Business



COFFS has many so many clients for tomato paste in bulk from different countries i. e. Japan, Italy, Russia, U. K. Etc. These different clients have different requirements/ quality in final tomato paste i.

E. Japanese client want more logotype in tomato paste. Thus to cater wide range of quality requirement in tomato paste, COFFS is presently produces 60 customized varieties of tomato seeds. COFFS now produces about 80% of seeds for farmers.

Advantage of producing on seeds: uniform quality in tomato can be achieved when different farmer uses same tomato seeds. If farmer are using their own seeds then tomato have uneven quality in tomato, which is cumbersome to manage to sort out every tomato into different grades.

Inspection cost for quality of tomato will be very high in this case. As tomato seeds are manufactured by COFFS, it can have tailor made properties according to client's requirement and as per demand from clients they can also change seed variants. Ease in standardization of procedures for processing of tomatoes which will reduce the processing cost.

i. e. If high TTS required in tomato paste, Tomato from seed variety with high TTS can optimize cost of heating ' processing and for entire lot production no change in processing parameters is needed further.

Otherwise different seeds will have different properties in tomato and accordingly processing parameters need to be adjusted to have uniform quality in final product. Uniform quality can be achieved in every batch of

tomato paste from same variant of tomato deed if uniformity of farm practices is ensured as in the case.

Thus lower consumer complaint. If they outsourced this seed production activity, they need to depend on someone and it will be very difficult (costly) to determine quality of every seed distributed to farmer. After cultivating tomato only one can say about quality of seeds and it will be too late.

Uniform quality in seed variety will also ensure almost same time for harvesting of tomato and this will help them to manage supply side of tomato, thus processing plant can run at full capacity with optimum cost. Form quality in seed variety will help farmers to follow standardize/ improved farm practices , which can monitored in easier way and farmers will also get better yield with permitted use of fertilizers and pesticides. This vertical integration of producing tomato seeds will also reduce dependency on external agents and will take care of price fluctuations, adequate supply and quality matters. Why did Heinz outsource tomato paste procurement? What are the major risks for Heinz In procuring It from COFFS? How is it being addressed?