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Branded retail value-added red meat products for Japanese markets. M.365

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MEAT & LIVESTOCK
AUSTRALIA

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1.0 BACKGROUND

Edgell Birds Eye and the Meat Research Corporation entered into a joint project to develop branded retail value-added red meat products for Japanese markets. One of the agreed objectives of the project was to establish a *new product development methodology* for establishing branded value added red meat products in Japanese retail markets. The methodologies used and / or developed during the course of the project shall be made available to the red meat processing industry which is the primary purpose of this manual.

2.0 INTRODUCTION

The food and the culture of a region or country and their culture are extremely closely aligned. It is commonly stated that "to know a country is to eat the food of that country". Food reflects national character, taste preference, seasonability, aesthetic sense, lifestyle and so forth of a country. It is therefore extremely important to understand as much as you can about a country if you intend to fulfil the food requirements of that country. This is particularly true for value added food products because the greater the added value, then less preparation or modification is required to eat the product and the closer it must be to the consumer's own expectations (and desires).

The Japanese have a particularly strong culture due in part to their minimal contact with other cultures over many years and hence they have unique and particular food preferences, with distinct seasonal and regional influences. Targeting Japan and developing food products and particularly value added food products takes a great deal of patience, understanding and commitment. The purpose of this manual is to provide form and structure to the process of developing products for foreign markets ensuring attention to detail and planning to overcome the difficulties in the most efficient manner possible.

3.0 METHODOLOGY

The methodology will be broken into several different overlapping stages as follows:

STAGE 1

STRATEGIC PLANNING
↓
INFORMATION GATHERING
↓
FEASIBILITY ASSESSMENT

STAGE 2

CONCEPT GENERATION
↓
SCREENING CONCEPTS
↓
ESTABLISHING SUPPLIER PARTNERSHIPS

↓

SCALE UP & CONCEPT CONFORMATION (OBTAINING FEEDBACK)

↓

STAGE 3

PRODUCTION

↓

POST PRODUCTION ASSESSMENT

STAGE 1

Stage 1 is definitely the most important stage, as it sets the framework for the entire project. It is essentially a planning phase and the more detailed and accurately planned it is, the more efficient the process. Also, as many options and variations as possible should be reviewed and objectively assessed at this stage as it is the most economical time to do so. The further down the new product development process you move the greater the commitment and exposure and greater costs. Hence, it is best to be as clearly focussed as possible at the end of stage 1 before moving onto stages 2 and 3 as the level of involvement of time and resources substantially increases during these stages.

STAGE 2

Is probably the most difficult and slow of the domestic new product development. This is the stage where you move from paper concepts to edible product concepts. However, to ensure it is done correctly, and that the products achieve their maximum potential in the market place it is imperative this is done as thoroughly as possible.

STAGE 3

Involves the scale up from approved concept to production as would be the case for a standard domestic new prodocut development. The post production review is probably not even included as part of traditional domestic new product development processes. It is however, very import to follow up with the Japanese and further develop the business realtionship.

3.1 STRATEGIC PLANNING

The strategic plan is usually written by marketing but incorporates input from a range of different areas. It is a detailed analysis of how the corporation is committed to servicing the export market successfully.

The strategic plan needs to be a detailed outline of exactly what is intended to be done to achieve the main objective, in this case of having successful value added red meat containing products in the Japanese retail markets. Apart from a clearly stated primary or business objective the strategic plan should also include:

- clearly documented market entry strategy
- identified customers / companies to suit market entry strategy
- identified target markets
- identified products
- a clear time frame
- potential competitors
- own competitive advantage

issues to be faced
resources available

The primary business objective	Clearly stating what the mission or primary business objective of the group is. It may or may not include a rational behind the objective to ensure that everyone is clear as to why they are going to all the trouble to target an export market. This is one way of clearly stating the purpose of targeting an export market. It ensures the whole group effort and resources are clearly focussed on the goal of succeeding in the identified export market.

Potential Competitors	Relates to competitors already in the market place, that are intended to be attacked including; not only direct competitors but also substitution competitors. The reason for this is to be able to clearly differentiate the products from competitors to maximise the chance of success in the market place.

Own Competitive Advantage	This needs to be clearly identified and maximised to ensure that the product has every chance of success in a hostile market. Also, it must be stressed that what it is a clear competitive advantage in existing market place may not be the case in export market place and hence this will need to be revisited and examined to be sure it is correct.

Issues	Include any internal or external issues that need to be addressed and will impact upon the success of the project - anything that will require time or resources to discover or solve. It may be questions that need answering or the necessity of a plant to acquire AQA registration. It may involve ensuring that the products obtain Halal certification or some such issue.

Resources	The resources available to the project need to be clearly identified so that the scope of the project has sufficient resources to complete it successfully. Also, to ensure that resources that have been allocated are fully aware of their duties to be fulfilled.

Strategic Plan - Market Entry Map

A clearly identified market entry strategy is probably the most crucial, yet neglected phase of the planning process. One needs to be fully aware of what options are available and choose those that best suit the company and its strategic goals. This is in effect the first of many screening stages of the process. It needs to be clearly roadmapped with the following elements all precisely listed.

The primary target.	Must clearly state the proposed targeted market. It should move right through from the targeted region, market, the purchasers and consumers. For example: The retail markets of the Kyushu region in Japan. Focussing on: single males aged 20-30 years married females aged 20 to 40 years.

Target Company Primary	Kyushu Coop.
Rationale / Justification	- most likely long term customer / partner - willing to pay a price premium for quality - suitable size to establish initial market entry without being overtaken by huge volumes. -will use their brand, therefore no need to establish own brand at this stage. - region allow for direct shipping.
Target Company Secondary	Marukyo(95 stores)
Rationale / Justification	- appropriate size to establish initial market entry. - direct importer.

Planned Contact	Customer	Date	Responsibility
Intial Contact Meeting			
Second meeting			
Meet and present plans			
Present concepts			
Proposed launch date			

The purpose of this is to identify firstly the market targeted. It may outline a primary and secondary targets or it may be clearly focused on just one. Remember to consider all options as to which best suits your business. One of the reasons for selecting the Kyushu region in the above example is that it is simply closer to Australia and better

for transportation . It is also an extremely wealthy region with a GNP exceeding that of 5th Korea. Many companies choose to focus on the main population centres of Tokyo and Osaka, and in many cases this may be the correct choice for those companies, however it could be that a smaller regional target / partner could be ideal to establish a presence in the market place, whilst working through some of the issues to be faced in exporting a red meat products. Then when you choose to target a larger company in these areas you are already an experienced exporter to the Japanese market with runs on the board and hence more likely to be accepted and succeed.

This is just one example of how important it is to think carefully and plan these decisions. Now it is imperative to look at the next stages of the planning process.

Identifying product opportunities.
There are several factors that need to be considered when determining which products will make up the final product mix launched into Japan.

What is it?
Will it be culturally acceptable / visually appealing / familiar enough
What basic need does it fulfil?
Does it maximise our competitive advantage / is it something we are good at
Is it going to provide suitable return on investment
Can we supply sufficient volume
How does it differ from competitive / substitution products already on the market?
How cost competitive are we?
How will it cope with the shipping & distribution system?
Does it pass Japanese legislative requirements or are there any that are likely to be an issue?
Are there any tariffs, can they be minimised in any way ?
What is the product(details) / what are the key parameters / what is the size of the package.

A clear time frame is essental. It must also allocate responsibilities for the completion of tasks to specific personnel. This ensures that all responsibilities are to be completed by a set date and that the resources are aware of their duties.
The plan is a fluid working document, applying a framework that needs to flex and change as you progress. The following tables in the plan are to actually commence obtaining information from other departments that need to contribute. This is done by identifying the category and then generating product concepts on paper which are assessed for feasibility by the different areas and then screened highlighting any areas that require further information that must be obtained. These concepts should be screened by the entire project group to ensure that what is then discussed with potential target / partner customers is the best possible product mix. Upon completion and screening of these paper concepts enough information should be available to allow completion of the full detailed research & development product briefs with the attached export cover sheets. Hence, the final result is a clearly focussed, very specific product brief with which to work.

3.2 FEASIBILITY - THE BASIC FRAMEWORK OF ASSESSMENT

By now there is the basic framework of a plan in place that states the general aims of the export group within the company. It has been assembled by probably only a fraction of the persons upon which it will impact in the future. Now is the time to ensure the commitment of all the different departments to be involved in the projects. The plan as it stands must be forwarded to appropriate staff to answer the following:

Are the technologies needed for product manufacture presently available?
What new processes need to be developed?
Are all the food ingredients available? Lead times?
What are shelf life requirements?
Can product safety be guaranteed?
What distribution system will be used?
What technical risks are involved?
How will competition react?
Is it financially feasible?
Does fit the overall corporate ambitions?
How does it fit within the marketing and branding strategies?
Overall risk analysis? Final summary sheet that should be evaluated by a group with a go / no go decision with information summarised from each area. Evaluated by the group.

CONCEPT CATEGORY DEFINITION

What is it? Product/Category Definition	
What basic need does it fulfil?	
Does it maximise our competitive advantage / is it something we are good at?	
How does it differ from competitive / substitution Product categories alredy on the market?	
Cohesive elements to link products in category together?	

CONCEPT CATEGORY FEASIBILITY

How does it fit within the global marketing and branding strategies?	
Does it fit the overall corporate ambitions/strategy?	
How will competition react?	

PRODUCT CONCEPT DEFINITION

Product Concept Description	
Target Market	
Proposed positioning	
Key Consumer Benefits of product concept	

PRODUCT CONCEPT FEASIBILITY ASSESSMENT SHEET

Are the technologies needed for products manufacture presently available?		
What new processes need to be developed?		
Are all the food ingredients available? Lead times?		
What are shelf life requirements?		
Can product safety be guaranteed?		
What distribution system will be used (give scenario)?		
What technical risks are involved?		
Is it financially feasible? (Is it going to provide suitable return on investment?)		
	Volume Forecast	ROI
Year 1		
Year 2		
Year 3		

Comments / Assumptions.

RESEARCH AND DEVELOPMENT BRIEF

EXPORT COVER SHEET

DATE:_____ **REGISTER No.**_____

PROJECT TITLE:-

1. **IMPORTING COUNTRY / COUNTRIES:**

2. **NAME / DETAILS OF CLIENT:**

3. **CONSUMER DETAILS:**

Target Market: ☐ RETAIL ☐ FOOD SERVICE
☐ INSTITUTIONAL ☐ OTHER
↓

Consumer Age Group:
Consumer Sex:
Purchase Point to Consumption Scenario: (eg purchased hot, taken home for child to eat cold with sweet & salty dipping sauce)

4. **CONSTRAINTS:**

Cultural: (eg Halal, No Beef/Pork Eaten, etc)

Financial: (eg Tariffs/Duty Levels etc)

Legislative (eg AQIS/AQA Health Certificates, DPIE Certificate of Origin, Illegal Additives, etc)

5. **PACKAGING:**

Any other specific information including Use By / Best Before / Production Date Format (eg yy/mm/dd)

RESEARCH AND DEVELOPMENT BRIEF

DATE:_____ **REGISTER No.**_____

PROJECT TITLE:-

1. **PRODUCT:**

MARKET:- ☐ RETAIL ☐ FOOD SERVICE

↓

↓

☐ CATERING

☐ FAST FOOD

PRODUCT NAME (if known):-

BRAND:-

PRODUCT DESCRIPTION:- ☐ CURRENT PRODUCT IMPROVEMENT ☐ LINE EXTENSION ☐ NEW PRODUCT ☐ NEW BUSINESS

BRIEF DESCRIPTION:

Shape	
Size/Weight (per portion)	
Number Portions/pack	
Par Cooked	☐ NO ☐ YES ☐ TO BE DETERMINED
Colour/s	
Flavour/s	
Varieties	
Texture	
Quality	☐ PREMIUM ☐ HIGH ☐ OTHER →

Stability Type	☐ FROZEN ☐ CHILLED ☐ SHELF ☐ OTHER →
Required Shelf Life	months minimum
Cooking Method/s	☐ CONVECTION OVEN ☐ DEEP FRY ☐ PAN FRY ☐ GRILL ☐ MICROWAVE ☐ DEFROST ONLY ☐ READY TO EAT / SERVE ☐ OTHER →
Serving Instructions	
Nutritional / Benefit Claims / Requirements	☐ NONE ☐ YES (√ boxes & give details) ↓ ☐ Heart Tick ☐ Sodium → ☐ Fat → ☐ Cholesterol → ☐ Vitamin Enriched → ☐ Vegetarian → ☐ Preservative Free → ☐ No Artificial Colour ☐ No Artificial Flavour ☐ Dietary Fibre → ☐ Low Calorie → ☐ Other → ☐ Specific Nutritional Claim/s →

2. CONSUMER INFORMATION:

DESCRIPTION OF TARGET MARKET:-

BENEFITS:-

SUPPORTING RESEARCH:-

END USE/S:- ☐ SNACK ☐ MEAL (MAJOR COMPONENT)
☐ MEAL ACCOMPANIMENT ☐ OTHER →

3. PACKAGING:

Primary Type	☐ None ☐ Poly bag ☐ Carton ☐ Both ☐ Other →
Primary Size/Shape	
Primary Weight	
Number Primaries/Outer	
Number Colours on Primary	

Number Colours on Outer	
Are Photography Samples Required for Packaging?	☐ YES ☐ NO
Special Requirements	(eg Pallet type, Design to fit Export Reefer, Easy to Open Feature on Primary Pack etc)

4. PRICING:

Target SVC	
Sell Price	☐ FOB AND ☐ FIS + TARRIF →
Margin	
Retailer/Customer Margin	
Retailer/Customer Sell Price	
End User/On Shelf Price	

5. ADVERTISING & SUPPORT:

Trade Spend	
Advertising	
Demonstrations	
Other	

6. DISTRIBUTION DETAILS:

CHANNEL:	
EXTENT:	**PLACEMENT IN STORE:**
INITIAL LAUNCH (TEST MARKET DISTRIBUTION):	
LEVEL OF STOCK REQUIRED FOR LAUNCH:	
PROPOSED EVENTUAL DISTRIBUTION:	

7. COMPETITORS & SUBSTITUTES:

1. BRAND	PRODUCT
PORTION SIZE	PACK SIZE
SELL PRICE	DISTRIBUTION
2. BRAND	PRODUCT
PORTION SIZE	PACK SIZE
SELL PRICE	DISTRIBUTION

8. FORECAST AND FINANCIAL SUMMARY:

	YEAR 1	%	YEAR 2	%	YEAR 3
Sales in Carton					
Tonnes					
Gross Sales Value					
W'housing & Ullage					
Off Invoice Deals					
Total Off Invoice					
Net Sales					
Rebates - (%)					
Co-Op / Claim Deals					
Net Net Sales					
SVC					
SVC Freight					
Gross Margin					
Commissions					
Storage & W'house					
Distribution					
Other Variable					
Total Variable					
CONTRIBUTION					

* Please extend to EBIT level if capital expenditure is required.

ASSUMPTIONS:-

9. CRITICAL PATH / TIMING RESTRAINTS:

	DATE REQUIRED	RESPONSIBILIT
PRODUCT DEVELOPMENT BRIEF APPROVED		
1ST PROTOTYPE SAMPLE AVAILABLE		
PRODUCT EVALUATION RESPONSE 1		
INITIAL INDICATIVE COSTING		
CAPITAL EXPENDITURE APPROVED		
CAPITAL AVAILABLE		
EQUIPMENT AVAILABILITY CONFIRMED		
FURTHER PROTOTYPE PRODUCTS		
PRODUCT EVALUATION RESPONSES		
UPDATED INDICATIVE COSTING		
FINAL PROTOTYPE PRODUCT		
PRODUCT EVALUATION RESPONSE		
UPDATED INDICATIVE COSTING		
PACKAGING DESIGN		
PRODUCTION LINE TRIAL		
FINAL COSTING		
FINAL PRODUCT EVALUATION RESPONSE		
PRODUCT NAME FINALISED		
NUTRITIONAL INFORMATION FINALISED		
PRODUCT CODE ALLOCATION		
ARTWORK APPROVED		
PACKAGING FINALISED		
PROCESSING SPECIFICATIONS ISSUED		
RAW MATERIAL SPECIFICATIONS ISSUED		
PRODUCT SPECIFICATIONS ISSUED		
RAW MATERIALS AVAILABLE		
PACKAGING TOOLING AVAILABLE		
PACKAGING AVAILABLE		
TEST MARKET RESULTS		
FIRST FULL SCALE PRODUCTION RUN		
PRODUCT AVAILABLE TO TRADE		

_____ _____

Brand/Product Manager **Date**

_____ _____

Research & Development Manager **Date**

_____ _____

General Business Manager **Date**

_____ _____

STRATEGIC PLAN SUMMARY

AIM:	

Finance: Total Investment	
ROI Yr 1 Yr 2 Yr 3	

Time Frame ACHIEVABLE	

SWOT analysis of plan

Refers to the assessment of the plan and it's effect on the environment of the company (ie. It examines both internal and external impact of the plan).

STRENGTHS Refers to the strengths of the company and how the plan capitalises on these strength, for example: - product strengths, technology related, resource related etc.	WEAKNESSES Refers to the weaknesses of the company and how the plan minimises these weaknesses, and their impact, for example: - product weaknesses (range fed beef), resource (not made in Japan, made in Australia)
OPPORTUNITIES That exist to be exploited primarily externally from the company. For example: New technologies to be obtained New markets to be serviced.	THREATS That impact upon the company from an external view point. For example; Closed markets, or other competitors.

GO

NO GO

It is necessary to obtain a lot of information to complete a plan as detailed as this, and there will be many temptations to avoid completing the plan. However, the more work completed at this early stage the more efficient and cost effective the entire development process, as the further down the development path you move the greater the commitment of company resources.

3.3 INFORMATION GATHERING

The completion of the strategic plan requires an information gathering stage. This is one of the most important stages of the development process that is usually overlooked or neglected in the domestic new product development because so much of the information is taken for granted, not just an understanding of the market but also an inherited knowledge of the relationship between culture and food of the country.

Gathering information is not as difficult as it sounds particularly for Japan with a lot of free information available. Following are some sources of information that are available:

Jetro (Japanese External Trade Organisation)
Level 19, Gateway Building Circular Quay Sydney 2001 ph (02) 241 1181

Austrade
181 Castlereagh St Sydney NSW 2001 ph (02) 581 2555

Osaka Government Prefectural Office
1 Macquarie Place Sydney NSW 2001 ph (02) 247 7433

There are also useful reference information materials available from organisations, especially state and federal chambers of commerce and research organisations such as CSIRO, who have published a focussed guide through the CSIRO Japan Project's "Exporting to Japan: A Guide To The Food Market And Distribution System". Contact Dr Graham Bell, CSIRO Food Research Laboratory, North Ryde.
Apart from these sources there are many conventional market research companies from Australia conducting research in Japan, which can be commissioned to obtain information. Before these are commissioned at considerable expense it may be worthwhile checking with the following who maybe able to provide information usually for free or in response to business.

Advertising agencies, are usually capable of sourcing market information through international affiliations.
Ingredient suppliers, especially those that are transglobal will generally be able to provide specific product market information and in some cases source market products and present them to you. Flavour and fragrance companies would be the most likely example of this but other ingredient and even raw material suppliers are potential sources of information even if limited to their own products.
Student projects generally conducted through universities are a cheap alternative to conventional market research companies.

The information gathering exercise is probably the most important phase in the development and production of a new project. It is imperative that the understanding of the requirements are clearly listed and this will in turn ensure the most efficient and productive development phase is completed with a clearly identified focus for the team.

By now the strategic plan should be in place and completed. It should contain all the elements discussed thus far. If it does not, it is the responsibility of the developer to point this out because failure to do so will result in failure to complete the job properly or efficiently and a sense of frustration from to lots of wasted effort.

END STAGE 1

The lines of the three stages are not set with a rigid formality and as will be discovered when developing products for foreign markets it is particularly important to be flexible. For example, technical staff may need to generate concepts, to fully assess the technical feasibility of a product especially if the product is not close to an existing product and the technical staff have little experience to draw on in assessing the technical feasibility of producing the product.

4.0 STAGE 2

4.1 CONCEPT GENERATION

The concept generation stage should be relatively straight forward because what is required has been clearly stated and detailed in the research and development briefs during the planning phase. This means that the concepts to be generated are clearly defined. Also, if the products identified are similar to existing company products, (to maximise the competitive advantage) then they should not require substantial capital for new equipment and entirely new processes, which helps minimise risk factors, as the lower cost investment means it is easier to ensure a satisfactory ROI(return on investment).

Now comes the fun part of actually producing the physical concept samples. If the product is formulated and there are similar products on the market then obtaining samples and evaluating them along with having the packaging translated is the obvious place to start. Other places to start are cookbooks, Japanese cookbooks or those written by westerners having lived in Japan are particularly useful. Remember to examine cookbooks closely for even if the product formulation that has to be developed is not in the book they will still provide the developer with an idea of the flavour preferences or food combinations that exist.
The taste preferences of the Japanese are like any other foreign group. That is the way they taste physiologically is basically the same. Studies conducted by the CSIRO Sensory Research Centre on the Japan Project indicated that Japanese consumers and Australian consumers taste is basically the same. That is, when presented with samples of products and asked to nominate the saltier product both groups selected the same saltier sample. However, this does not mean that the groups of consumers have the same preferences; they do not. Taste preferences are a result of the food culture that the population has grown up on and this has a huge impact on the product preference. Also, regionality in Japan can greatly impact on preference and if the product is targeted at a regional audience then this should be taken into consideration, regional preferences can often be quite diverse. In Australia due to the unique multicultural and highly urbanised population we are often unaware of the extent to which regional influences can play a role in product preference. Also, due to our climate in Australia we do not have as distinct or severe changes of season, especially when compared with Japan. This has a huge influence over the traditional Japanese diet which influences their eating preferences today. These factors are subliminally taken into account when developing products for domestic consumers however, they need to be consciously considered when developing concepts for foreign markets.

Some examples to illustrate the differences that have occurred in specific projects that provide an indication what differences can exist and what to look for.
(1) It is commonly stated that to modify products for Japan all that is needed is an increase in the salt content. In our experience this is not the case at all. The Japanese consumers tend to be very sensitive to raw salt tastes as the salt in their diet is usually added through Soy Sauce. In fact in one specific case the salt content had to be substantially decreased because the salt was added through a soy dipping sauce which the product was served with. Also, rather than use salt to enhance flavour as we do, the Japanese use a range of flavour enhancers based upon glutamates and inosinates. These glutamates and other products tend to produce a uniquely flavoured product, very different to the effect of just salt in a product.

(2) The main difference between Japanese consumers beef preference and that of Australians is the amount and type of fat present. The Japanese prize the highly

marbled beef typical of that known as Kobe Beef, produced from Wagyu cattle. The fat is usually a white fat as a result of the grain fed diet. The amount of visual fat would be off putting to Australian consumers who are used to visually lean beef and associate this with premium quality. This is the complete opposite to the Japanese. They also claim that they do not like the flavour of grass or range fed beef, that it has a strange, unpleasant aroma and flavour. This may therefore require masking in some products if it is an issue. In our experience however cost has been the most important factor in determining the type of beef used in the product and it is often possible to use fattier cuts provided the flavour and aroma are not offensive.

(3) Legislative restrictions.

Legisaltive restrictions. There are two ways in which legislative restrictions impact upon the concept development stage. Firstly it is through tarriffs whcih are still a major issue when working with beef and beef containing products even though they are being phased out in accordance with GATT agreements. Obviously they are to be minimised where ever possible and it is important that this recognised and allowed for in the concept design. It may require further information being obtained as to the port of entry bein a criteria in determining the tarriff level. Another example is the tarriffs applying to rice products that are have a minimum protein requirement to avoid tarriffs on the rice. This is one case where increasing the beef content of a formulated product eliminated the tarriff due to rice whils keeping the beef tarriff to a minimum.

The second way in which legislative restrictions impact upon the concept development stage is through the food standards code of the importing country(Japan). It is essential to ensure that all ingredients and additives to be used in the product are permitted under the law. Nothing can be assumed as the following example illustrates: It concerns the use of methyl cellulose in a product as a texture modifier. Methyl cellulose is a permitted additive in Japan. However the hydroxyproyl form of meythlcellulose although the common form ofmthyl cellulose used in Australia is not a permitted additive. Hence, beware and do not assume that because one form of an additive is legal that all forms and derivatives will be.

A source of information or formulations for foreign markets are suppliers, especially those of a transglobal nature who have operations or affiliates in Japan (especially flavour companies). They can draw on their knowledge of Japanese markets and their requirements. The only thing to be aware of with this is that companies can pressure you to use a particular ingredient which maybe best for them in terms of profit or ease of production or some other hidden benefit for the supplier.

Another common method for generating concepts is the use of a Japanese Chef as an expert consultant. This should be unnecessary if the planning phase has been conducted correctly and the information in the R&D brief should be sufficient to allow generation of concepts, without the assistance of Japanese chefs, unless the products are very different from your existing product range. They can provide great reassurance to the partner customers that an expert Japanese Chef has been consulted in developing the product and this is probably their major benefit.

4.2 SCREENING CONCEPTS & OBTAINING FEEDBACK

Experimental design is often used as a tool for determining the optimum levels of ingredients in concepts and although useful as a tool in determining the levels of some key ingredients. It can however can be dangerous for a number of reasons. Firstly the need for the products to be evaluated by target Japanese consumers which is very expensive and time consuming, or alternatively using potential customers which is still quite time consuming and also dangerous in that it requires presentation of samples of varying quality. Due to the extreme levels of the attributes to be determined in multilevel mixed designs and as consumer feedback is provided by the partner customer. This has the danger of allowing the customer to view a product before it is ready and in past we have experienced difficulties in explaining the purpose and way in which experimental design works.

Many Japanese retailers have panels of housewives (who traditionally purchase retail foods for the family). Many housewives still purchase the food for the entire family and hence are an extremely important function in the purchase decision process. If dealing with a company that has such an in house "consumer panel" they can be used to assess the concepts and provide direction for modification if required.

Visitors and customers can be arranged into small panels of Japanese, even if not direct target consumers, to provide indications only as to general acceptability amongst Japanese. The issues involved relate to ensuring satisfactory products are presented especially if the visitor is a potential customer or alternatively it can be used to an advantage to cement relationships with potential customers by presenting a high level of commitment to servicing their market needs.

Suppliers, especially if they have Japanese offices themselves are great places to have product evaluated, generally at no cost, but payed for in time and accuracy in relation to the proximity of staff to target market consumers. Also they may be biased because you are using one of their ingredients and also because they work in the food industry they are exposed to a substantial amount of food products, which can make them a very demanding customer. However with the proper planning and structured screening panels this can be a very economical way of screening concepts. Flavour houses are particularly good as they generally have a good understanding of the market. Also, advertising companies often have international affiliations and could organise a limited tasting panel.

Traditional market research or sensory specialists can be commissioned to conduct consumer research in Japan on the concepts. Due to the expense of this it is recommended to actually test concepts that have been produced on the production line (in trials) where/whenever possible as the product are then much closer to the products produced. The research agency would provide the design for the research and handle the logistics involved ensuring good direction and feedback to modify the concept to ensure maximum market potential amongst the identified target consumers. This is probably the screening method of choice but as it is also the most expensive, it can also be presented to potential customers and helps convince them of the products acceptability. Supplier partners can be used to fund some of the research especially if they are the sole flavour supplier to the project for example. This would also apply to partner customers in Japan. However, if there is not sufficient budget to conduct this type of research the corporate commitment to developing export markets would need to be seriously evaluated.

This is one of the crucial phases of the process and it must be satisfied in that a specified level of acceptability must be obtained amongst the target consumers before moving onto the next stages of the process. Hence, it must be repeated until a suitable product concept is obtained. Due to the time factor involved, this becomes one of the longest stages of the development process and can stretch out the time frame... Or ... alternatively be condensed to shorten time frame.

Once again the concept must be acceptable amongst the target consumers and also it must be acceptable to the partner customers to ensure their commitment in delivering the product to the target consumers. Keeping the targeted customers fully informed and presented with product concepts is one way of assisting in building the relationship with the customers and their commitment to the product.

4.3 ESTABLISHING SUPPLIER PARTNERSHIPS

Given the specialised nature involved with working red meat containing products for export and the legislative requirements to ensure export approval developing partnership arrangements with suppliers is very important. There are several basic rules that should be applied when assessing suppliers and all the subsequent contact should be clearly documented and communicated to the supplier before commencing the receival goods.
The basic things to look for with a supplier are first and foremost that they can meet the specification. The specification needs to clearly define all requirements and must be agreed to and signed by the supplier. The following summary of the system is the one which we use and highlights the level of detail which is recommended (refer to appendix 2 for all documents and greater detail).
The first work instruction is the purchasing procedure, which outlines the procedure to be followed for all ingredients that impact upon the finished product. The supplier needs to be assessed and audited to ensure that they follow good manufacturing procedures. Ideally these days we would look for HACCP (hazard analysis of critical control points) or an accredited quality system in place to ensure that the procedures are followed. The work instructions (in appendices) that clearly outline the audit procedures to be followed and the corrective action to be followed for a non-conformance or potential non-conformance. The overall aim is to actually have a HACCP system in place that follows the product (and all its ingredients) from their manufacture right through until consumption (or consumer purchase where possible) .

5.0 STAGE 3

5.1 PRODUCTION

The scale up from a confirmed concept to that of a production sample would follow the same method used for domestic new product development. The first production samples also should be sent to the partner customers to reassure them that it is a match for the approved concept. This is another way of helping build commitment to the product.

5.2 POST PRODUCTION ASSESSMENT

Allows for proactive product improvement. Due to the nature of working in such an alien environment there will be process's and / or product elements which can be improved and incorporated into the product to improve it and ensure maximum market

success of delivering a cohesive product with position, pack and product, all reinforcing the key benefits of the product.
Secondly it is to formally review the process. You will obtain a lot more information on what went well and what needs to be improved, ensuring that the next new product development project for Japan is even better.

6.0 SUMMARY

A Systematic Product Development Process

Involves all steps from the initial idea generation to final product launch. It requires the input from a wide variety of departments and disciplines and needs to be integrated to ensure continuity and coherence of direction. It needs to be linked to the overall company goals or objectives.

The product development system and the necessary contributions by the different areas are outlined in the table below.

Company goals
↓
Stage 1 Planning phase

	Finance	Logisitics	Marketing	Technical	Production	Target Customers
Project Plan	Y	Y	Y	Y	Y	
Information Gathering			Y	Y		Y
Screening / Feasibility	Y	Y	Y	Y	Y	Y

↓
Stage 2 Concept - Production

	Finance	Logisitics	Marketing	Technical	Production	Target Customers
Concept generation	Y	Y	Y	Y	Y	
Screening concepts			Y	Y		Y
Establishing supplier partnerships	Y	Y	Y	Y	Y	
Scale up to production		Y	Y	Y	Y	
Product confirmation			Y	Y	Y	Y

↓
Stage 3

	Finance	Logisitics	Marketing	Technical	Production	Target Customers
Post - production Review	Y	Y	Y	Y	Y	Y

Developing products for foreign markets is challenging and difficult as often the product has to be designed to appeal not just to the target market but also to a number of handlers in between. For example, if the product is destined for a retail market packed under an intermediary company's brand who will also take care of distribution then the product must appease, the retail buyers, the intermediary company, and your own export staff as well as the original target market. This is one of the reasons that developing products for foreign markets is more challenging than domestic.

Reactive product development is often requested from a client or potential client partner in Japan. It often occurs after contact has been made and even some concept samples presented. It is a positive step and should be actioned accordingly but with caution. It generally comes in the form of a request that given their understanding of the company's capabilities then they should be able to produce a specific product. This product may not be part of the core plan of products identified and may be simply a test by the customer to determine the seriousness of the company's intention of servicing them and their market. The request should be treated very seriously because if it is a test then all future contact could be determined by the response. Also, it may be a case of them knowing their market more intimately and having identified a product need that they wish to fill.

7.0 APPENDICES

Appendix 1	Planning sheets
Appendix 2	Supplier audit instructions

STRATEGIC PLAN (background information page)

The primary business objective	

Potential Competitors	

Own Competitive Advantage	

Issues (Include any internal or external issues that need to be addressed and will impact upon the success of the project.)	

Strategic Plan \ Market Entry Map

The primary target.	

Target Company Primary	
Rationale / Justification	
Target Company Secondary	
Rationale / Justification	

Planned Contact	Customer	Date	Responsibility
Intial Contact Meeting			
Second meeting			
Meet and present plans			
Present concepts			
Proposed launch date			

CONCEPT CATEGORY DEFINITION

What is it? Product/Category Definition	
What basic need does it fulfil?	
Does it maximise our competitive advantage / is it something we are good at?	
How does it differ from competitive / substitution Product categories alredy on the market?	
Cohesive elements to link products in category together?	

CONCEPT CATEGORY FEASIBILITY

How does it fit within the global marketing and branding strategies?	
Does it fit the overall corporate ambitions/strategy?	
How will competition react?	

PRODUCT CONCEPT DEFINITION

Product Concept Description	
Target Market	
Proposed positioning	
Key Consumer Benefits of product concept	

PRODUCT CONCEPT FEASIBILITY ASSESSMENT SHEET

Are the technologies needed for products manufacture presently available?	
What new processes need to be developed?	
Are all the food ingredients available? Lead times?	

What are shelf life requirements?		
Can product safety be guaranteed?		
What distribution system will be used (give scenario)?		
What technical risks are involved?		
Is it financially feasible? (Is it going to provide suitable return on investment?)		
	Volume Forecast	ROI
Year 1		
Year 2		
Year 3		

Comments / Assumptions.

RESEARCH AND DEVELOPMENT BRIEF

EXPORT COVER SHEET

DATE:_____ **REGISTER No.**_____

PROJECT TITLE:-

1. **IMPORTING COUNTRY / COUNTRIES:**

2. **NAME / DETAILS OF CLIENT:**

3. **CONSUMER DETAILS:**

Target Market: ☐ RETAIL ☐ FOOD SERVICE
☐ INSTITUTIONAL ☐ OTHER
↓

Consumer Age Group:
Consumer Sex:
Purchase Point to Consumption Scenario: (eg purchased hot, taken home for child to eat cold with sweet & salty dipping sauce)

4. **CONSTRAINTS:**

Cultural: (eg Halal, No Beef/Pork Eaten, etc)

Financial: (eg Tariffs/Duty Levels etc)

Legislative (eg AQIS/AQA Health Certificates, DPIE Certificate of Origin, Illegal Additives, etc)

5. **PACKAGING:**

Any other specific information including Use By / Best Before / Production Date Format (eg yy/mm/dd)

RESEARCH AND DEVELOPMENT BRIEF

DATE:_____ **REGISTER No.**_____

PROJECT TITLE:-

1. PRODUCT:

MARKET:- ☐ RETAIL ☐ FOOD SERVICE ↓

↓

☐ CATERING

☐ FAST FOOD

PRODUCT NAME (if known):-

BRAND:-

PRODUCT DESCRIPTION:- ☐ CURRENT PRODUCT IMPROVEMENT ☐ LINE EXTENSION ☐ NEW PRODUCT ☐ NEW BUSINESS

BRIEF DESCRIPTION:

Shape	
Size/Weight (per portion)	
Number Portions/pack	
Par Cooked	☐ NO ☐ YES ☐ TO BE DETERMINED
Colour/s	
Flavour/s	
Varieties	
Texture	
Quality	☐ PREMIUM ☐ HIGH ☐ OTHER →

Stability Type	☐ FROZEN ☐ CHILLED ☐ SHELF ☐ OTHER →
Required Shelf Life	months minimum
Cooking Method/s	☐ CONVECTION OVEN ☐ DEEP FRY ☐ PAN FRY ☐ GRILL ☐ MICROWAVE ☐ DEFROST ONLY ☐ READY TO EAT / SERVE ☐ OTHER →
Serving Instructions	
Nutritional / Benefit Claims / Requirements	☐ NONE ☐ YES (√ boxes & give details) ↓ ☐ Heart Tick ☐ Sodium → ☐ Fat → ☐ Cholesterol → ☐ Vitamin Enriched → ☐ Vegetarian → ☐ Preservative Free → ☐ No Artificial Colour ☐ No Artificial Flavour ☐ Dietary Fibre → ☐ Low Calorie → ☐ Other → ☐ Specific Nutritional Claim/s →

2. CONSUMER INFORMATION:

DESCRIPTION OF TARGET MARKET:-

BENEFITS:-

SUPPORTING RESEARCH:-

END USE/S:- ☐ SNACK ☐ MEAL (MAJOR COMPONENT)
☐ MEAL ACCOMPANIMENT ☐ OTHER →

3. PACKAGING:

Primary Type	☐ None ☐ Poly bag ☐ Carton ☐ Both ☐ Other →
Primary Size/Shape	
Primary Weight	
Number Primaries/Outer	
Number Colours on Primary	

Number Colours on Outer	
Are Photography Samples Required for Packaging?	☐ YES ☐ NO
Special Requirements	(eg Pallet type, Design to fit Export Reefer, Easy to Open Feature on Primary Pack etc)

4. PRICING:

Target SVC	
Sell Price	☐ FOB AND ☐ FIS + TARRIF →
Margin	
Retailer/Customer Margin	
Retailer/Customer Sell Price	
End User/On Shelf Price	

5. ADVERTISING & SUPPORT:

Trade Spend	
Advertising	
Demonstrations	
Other	

6. DISTRIBUTION DETAILS:

CHANNEL:

EXTENT: **PLACEMENT IN STORE:**

INITIAL LAUNCH (TEST MARKET DISTRIBUTION):

LEVEL OF STOCK REQUIRED FOR LAUNCH:

PROPOSED EVENTUAL DISTRIBUTION:

7. COMPETITORS & SUBSTITUTES:

1. BRAND	PRODUCT
PORTION SIZE	PACK SIZE
SELL PRICE	DISTRIBUTION
2. BRAND	PRODUCT
PORTION SIZE	PACK SIZE
SELL PRICE	DISTRIBUTION

8. FORECAST AND FINANCIAL SUMMARY:

	YEAR 1	%	YEAR 2	%	YEAR 3	%
Sales in Carton						
Tonnes						
Gross Sales Value						
W'housing & Ullage						
Off Invoice Deals						
Total Off Invoice						
Net Sales						
Rebates - (%)						
Co-Op / Claim Deals						
Net Net Sales						
SVC						
SVC Freight						
Gross Margin						
Commissions						
Storage & W'house						
Distribution						
Other Variable						
Total Variable						
CONTRIBUTION						

* Please extend to EBIT level if capital expenditure is required.

ASSUMPTIONS:-

9. CRITICAL PATH / TIMING RESTRAINTS:

	DATE REQUIRED	RESPONSIBILITY
PRODUCT DEVELOPMENT BRIEF APPROVED		
1ST PROTOTYPE SAMPLE AVAILABLE		
PRODUCT EVALUATION RESPONSE 1		
INITIAL INDICATIVE COSTING		
CAPITAL EXPENDITURE APPROVED		
CAPITAL AVAILABLE		
EQUIPMENT AVAILABILITY CONFIRMED		
FURTHER PROTOTYPE PRODUCTS		
PRODUCT EVALUATION RESPONSES		
UPDATED INDICATIVE COSTING		
FINAL PROTOTYPE PRODUCT		
PRODUCT EVALUATION RESPONSE		
UPDATED INDICATIVE COSTING		
PACKAGING DESIGN		
PRODUCTION LINE TRIAL		
FINAL COSTING		
FINAL PRODUCT EVALUATION RESPONSE		
PRODUCT NAME FINALISED		
NUTRITIONAL INFORMATION FINALISED		
PRODUCT CODE ALLOCATION		
ARTWORK APPROVED		
PACKAGING FINALISED		
PROCESSING SPECIFICATIONS ISSUED		
RAW MATERIAL SPECIFICATIONS ISSUED		
PRODUCT SPECIFICATIONS ISSUED		
RAW MATERIALS AVAILABLE		
PACKAGING TOOLING AVAILABLE		
PACKAGING AVAILABLE		
TEST MARKET RESULTS		
FIRST FULL SCALE PRODUCTION RUN		
PRODUCT AVAILABLE TO TRADE		

Brand/Product Manager **Date**

Research & Development Manager **Date**

General Business Manager **Date**

STRATEGIC PLAN SUMMARY

AIM:	

Finance: Total Investment	
ROI Yr 1 Yr 2 Yr 3	

Time Frame ACHIEVABLE	

SWOT analysis of plan

Refers to the assessment of the plan and it's effect on the environment of the company (ie. It examines both internal and external impact of the plan).

STRENGTHS	WEAKNESSES

OPPORTUNITIES	THREATS

GO

NO GO

EDGELL BIRDS EYE -
CODE: RMS-???
RAW MATERIAL SPECIFICATION
85 CL BEEF TRIMMINGS FROZEN BLOCKS

SUPPLIERS NAME:_____

SUPPLIERS CODE:_____

PRODUCT DESCRIPTION

Quick frozen blocks of boneless 85% chemical lean beef trims prepared from steer, heifer, or cow - no bull meat over 12 months old shall be used. The meat shall be obtained from a carcass that was duly inspected and passed fit for human consumption,and processed by good commercial practice and in accordance with the requirements of this specification.

GENERAL

The goods supplied against this document shall comply in all respects with the provisions of any statutes, rules and regulations relating to health, pure foods, weights and measures of all or any of the relevant statutory authorities of any State or Territory of the Commonwealth of Australia or of the Commonwealth not withstanding or in any way diminishing any requirements hereinafter specified or implied in this document.
This ingredient will perform in the manner for which it is intended in product manufactured by Edgell Birds Eye - Kelso.

RIGHTS OF THE PURCHASER

Edgell Birds Eye - Kelso, as the Purchaser, reserves the right to:

a. Enter and inspect by arrangement, the premises, warehouses or cold stores which are used for the storage of material used in the manufacture of such goods.

b. Inspect any certificates or documents relating to the identity and quality of material used in the manufacture of the supplied goods.

c. Remove for examination and analysis, portions or samples of product from the supplier.

d. Reject any consignment which does not conform with the sample on which acceptance of the lot has been based, or which does not comply with the standards laid down in this specification.

e. Reject any goods which are found to be unfit for sale within the meaning of the Pure Foods Acts and Health Acts of Australian States.

f. Charge all costs incurred through breaches of this specification, in their entirety, to the Supplier.

SAMPLES

At the request of the Purchaser, before finalising the purchase, the supplier shall furnish samples which are representative of the product to be supplied.

ACCEPTANCE

The 85CL Beef Trims Frozen Blocks must comply in every respect with the requirements of this specification. Acceptance may be subject to sampling of the material actually delivered and to testing of these samples in accordance with the instruction of this specification.

PROCESSING

Slaughtering of animals must be in accordance with good commercial practice using only healthy birds & under strictly monitored approved slaughtering conditions.
The 85 CL beef trim shall be derived from dressed beef carcasses completely free of :

- bones
- bone fragments
- blood clots or vessels
- bruises
- cartiladge
- glands
- head meat
- heavy connective tissue
- lymph nodes
- major tendons or ligaments
- neck straps
- sinews.

Slaughtered carcasses must not be frozen prior to processing unless authorised by Edgell Birds Eye - Kelso.

Meat is to be inspected & trimmed to meet this specification's fat level of 85% Chemical Lean and standard for bones, skin, surface fat, blood spots, bruises & other foreign material.

Inspected, trimmed meat is to be packed into blocks after preperation, clearly labelled with date of processing & shall be quick frozen to -18°C with minimal delay, in no case exceeding 2 hours form commencing trimming operations.

Dressed carcasses & trimmed meat must not reach temperatures above 11°C throughout the inspection & processing.

FREEZING

Blocks are to be frozen in a freezer at or below minus 25°C, and stored in a cold store at or below minus 18°C.

AGE AT SHIPPING

Beef trim blocks should not be older than 3 months from date of slaughter to the date of shipment.

DEFECTS

Beef trim blocks shall be free of skin, bones, cartilage gut, feathers, blood spots, bruises, parasites, dehydrated flesh and foreign material.

- bones
- bone fragments
- blood clots or vessels
- bruises
- cartiladge
- glands
- head meat
- heavy connective tissue
- lymph nodes
- major tendons or ligaments (>1.5mm in diamter)
- neck straps
- sinews.

Blocks should be practically free from surface ice & pockets of ice. Total ice content should be < 0.5% by weight of block.

MICROBIOLOGICAL STANDARDS

a.	Standard Plate Count	max 100,000/g
b.	Coliform (Rapid Method)	max 200/g
c.	Staphylococci (coagulase positive)	max 200/g

MICROBIOLOGICAL SAMPLING PLAN

	n	c	m	M
Total Plate Count	5	2	10^5	10^6
Total Coliform Count	5	2	10^2	10^3
Staphlococci (Coagulase +ve)	5	2	10^2	5×10^2

NUTRITIONAL / DIETARY INFORMATION

(average per 100g raw meat - Source:-Nutritional Values of Australian Foods - NFA)

To be changed

a.	Energy	469 kJ / 111 cal
b.	Protein	22.6g
c.	Fat	2.3g
d.	Cholesterol	50mg
e.	Carbohydrate	Nil
f.	Sodium	55mg
g.	Potassium	275mg
h.	Calcium	7mg
i.	Iron	0.6mg
j.	Gluten	Nil
k.	Added MSG	Nil
l.	Lactose	Nil
m.	Artificial Flavours	Nil
n.	Artificial Colours	Nil

INGREDIENT DECLARATION

Beef (< 15% fat / 85% chemical lean)

SENSORY EVALUATION

a. Flavour shall be consistent with that of fresh beef and free from off, oxidised or unpleasant taints and foreign flavours.
b. Odour shall be fresh or neutral and free from off or ammoniacal or rancid or foreign aromas
c. Texture shall be firm but not tough or stringy with a consistant whole muscle structure.
d. Colour shall be characteristic of beef , frozen when fresh.

PACKAGING

Carton: The frozen beef trims shall be packed in blue poly lined food cartons which will strip easily and cleanly. Cartons are to be strapped together. No metal staples should be used.

Carton Weight: Net weight should be clearly stated on the cartons.

Codes and Markings: The outer cartons should clearly show the following:

a. Name of Supplier
b. Contents - (eg Frozen Beef Trims 85Cl)
c. Country of Origin
d. Net weight, (exclusive of packaging) - (eg 20 kg nett)
e. Date of Packaging and Lot Number

DELIVERY, TRANSPORT AND STORAGE

The product should be stored and transported at a temperature below minus 18°C.

All deliveries should be free from:-

a Damaged or dirty cartons
b Broken or dirty pallets
c Metal, Glass or other Foreign Material contamination.
d Insect infestation

SHELF LIFE

Frozen blocks of 85CL Beef Trims , if stored at temperatures at or below minus 18°C has a 12 month shelf life from date of processing

Authorisations:

Technical Manager: .....

Operations Manager: .....

Date: .....

SUPPLIER'S ACKNOWLEDGMENT

(Please sign and return one copy.)

We acknowledge the receipt of this RAW MATERIAL SPECIFICATION **RMS-???** for supply of **85CL BEEF TRIM FROZEN BLOCKS** and agree:

a. To supply to those Conditions and Requirements.

b. That deliveries of material not conforming to this specification may be accepted at the discretion of Authorised personnel from Edgell Birds Eye - Kelso, but only on advice and agreement prior to consignment.

Signed:

.....

For and on Behalf of:

.....

Date:

.....

PURCHASING PROCEDURE

1.0 PURPOSE

1.1 This Procedure describes the system which ensures that Goods and Services are purchased from approved external suppliers, subcontractors or growers conform to required Specifications.

2.0 SCOPE

2.1. This procedure applies to all Goods and Services required for inclusion in, or directly effecting the quality of the Finished product, such as:

- 2.1.1. Fresh or Frozen meat .
- 2.1.2. Ingredients and Packaging.
- 2.1.3. Cleaning chemicals.
- 2.1.4. Test equipment.
- 2.1.5. Training Services.
- 2.1.6. Transport.
- 2.1.7. Storage.

3.0 REFERENCES

Flow Diagram for Creating a Purchase Order.
Assessment of Subcontractors.
Issuing of a Purchase Order.

4.0 DEFINITIONS

Subcontractors	Organisations/individuals from which the Branch purchases goods or services (including meat), which form part of, or directly effect the quality of the finished product.
Approved Subcontractor	A subcontractor that has been assessed in accordance with the work instruction and found to be suitable to supply materials or services.

5.0 ACTIONS

PURCHASING

General

5.1. Materials or services that directly effect the quality of the final product can only be purchased:-

- 5.1.1. when there is a specification or agreement.
- 5.1.2. from an approved subcontractor or grower.

5.2. In the case of supply and storage of ingredients, pest control, calibration and training services, transport and storage facilities, then the provision of these services must be covered by an agreement authorised by the relevant Departmental Head. This agreement shall include:-

- 5.2.1. such detail as to adequately define the service being purchased.
- 5.2.2. if possible an objective measure of the service provided.

5.3. All such materials or services must be purchased in accordance with purchase order work instruction.

5.4. Purchase Requisitions shall be reviewed by the relevant Department Head before forwarding to the purchasing personnel.

5.5. All Purchase Orders must be reviewed by the appropriate Department Head or their nominee before being issued.

5.6. All purchases are recorded on the Purchase Order Register or in the case of blanket orders, on the Blanket Order Register and the Packaging Register.

Purchasing of Materials for Trials

5.7. Where materials are to be purchased (or requested free) for the purpose of trials, then the requirement for a authorised specification and purchased from an approved supplier can be waived, provided that a draft specification from the subcontractor or other source is included with the Purchase Requisition .
5.7.1. This "interim" specification shall be retained by the relevant Purchasing Personnel.

5.8. Before the materials can be purchased for production purposes then the requirements of 5.1 above will have to be met.

ASSESSMENT OF SUBCONTRACTORS

General

5.9. All subcontractors and growers shall be assessed in accordance with BAT-PUR-04 for their ability to supply materials:-
5.9.1. that meet the requirements of the relevant specification.
5.9.2. in a timely and efficient manner.

Existing Subcontractors

5.10. At the introduction of the Quality Management System, all existing Subcontractors and growers shall be considered as "approved".

5.11. Approved subcontractors and their assessment category shall be recorded on the List of Approved Subcontractors.

5.12. This list is maintained at headoffice and issued to Branches as necessary.

New Subcontractors

5.13. Before a new subcontractor can be considered an Approved Subcontractor, they must be assessed in accordance with Assessment of Subcontractors and entered onto the List of Approved Subcontractors

6.0 DOCUMENTATION

List of Approved Subcontractors
Purchase Order Register
Blanket Order Register
Purchase Requisition
Purchase Order
Purchase Order Register for Packaging.

7.0 AUTHORISATION

Authorised by: _____ Branch Manager Date: _____

Issued by: _____ Document Coordinator Date: _____

WORK INSTRUCTION FOR PURCHASE OF IMPORTED INGREDIENTS

1.0 PURPOSE:
The purpose of this Work Instruction is to outline how imported ingredients are purchased.

2.0 SCOPE:
The scope of this Work Instruction applies to all ingredients imported for use in Australia in _____ Branch products.

3.0 REFERENCES:
N/A.

4.0 DOCUMENTATION:
N/A.

5.0 ACTION:

5.1 Branch Request:

Branch athurst to raise the request for stock by fax, indicating:

5.1.1 Product Description.
5.1.2 Expected E.T.A. (spreadsheet of proposed delivery dates if applicable).
5.1.3 Warehouse location to receive product into
eg: (BM - Bathurst, BL - Smithfield).
5.1.4 Quantities.
5.1.5 Product Code.
5.1.6 Authorisation.

5.2 Head Office Response:

Head Office to respond by ordering stock for Branch against the nominated warehouse.

5.2.1 Branch to be given a copy of the order details.
5.2.2 Advise Branch of shipping dates as they become available (and any adverse changes which may occur).
5.2.3 Branch to consult with Outsourcing Manager (Cheltenham) relating to transport arrangements.
5.2.4 Branch will receive goods into store.
5.2.5 Branch to give Head Office a copy of receival of goods if they are in a satisfactory condition (report on any defect or problem with receipt of stock).

5.3 Payment Of Account:

Head Office to arrange for payment of account on satisfactory receival of stock at the Branch.

6.0 AUTHORISATION:

Authorised by: _____ Packaging Manager Date: _____

Issued by: _____ Document Coordinator Date: _____

ASSESSMENT OF SUB-CONTRACTORS

1. PURPOSE:

The purpose of this Work Instruction is to detail how Sub-contractors will be assessed.

2. SCOPE:

The scope of this work instruction includes raw materials, packaging materials and goods received from other Branches.

3. DEFINITIONS:

N/A.

4. REFERENCES:

N/A.

5. ACTION:

5.1 New or existing sub-contractors shall be assessed by the relevant Department Head, Purchasing Personnel or the Technical Resource Manager on the basis of any or all of the following:

- Whether they have an effective QA system.
- Certification from recognised third party.
- History of the timeliness of delivery and ability to meet specifications.
- Evaluation of previous receivals of supply on PRMS.

5.3 The results of the assessment shall be used to place each sub-contractor in one of the following categories.. The description is used as a guide only for placement of the Subcontractors into a category.

CATEGORY	DESCRIPTION
Preferred	QA system in place, good record of timeliness and quality, goods supplied against certificate of compliance or analysis.
Acceptable	No QA system, reasonable history of timeliness and quality, supplies certificate of compliance.
Temporary	Poor history of timeliness and quality or inadequate Quality Management System. New / Temporary requirement.
Unacceptable	Unacceptable quality and delivery record.

5.4 The Purchasing Personnel shall revise a List of Subcontractors .

5.5 The list will be maintained by Head Office .

5.6 New subcontractors shall be under agreement and their category documented before an order can be placed.

5.7 Approved Subcontractors shall have their assessment reviewed at least once per year. The Technical Resource Manager shall schedule the review.

5.8 Every effort shall be made by the relevant Manager, Purchasing Personnel and Technical Resource Manager to find alternative sources of supply for "Temporary" Subcontractors.

5.9 Where a subcontractor is found to be "Unacceptable" they shall be notified in writing.

6.0 DOCUMENTATION:

List of Approved Subcontractors.

7.0 AUTHORISATION:

Authorised By: _____ Process Manager Date: _____

Issued By: _____ Document Coordinator Date: _____

QUALITY AUDIT PROCEDURE

1.0 PURPOSE

This procedure describes how Quality Audits are conducted to verify that quality activities comply with planned arrangements.

2.0 SCOPE

This procedure describes the responsibilities of the Technical Resource Manager, Auditors and Departmental Heads in the scheduling, planning, conduct, reporting and follow up of Quality Audits. This procedure also describes the responsibilities of personnel in maintaining Quality Audit Records.
The procedure is to be followed when conducting all external audits on Company suppliers/sub contractors where applicable (either to confirm their acceptability in supplying quality products or services or if it is a contractually agreed requirement).
The procedure may also be followed when conducting all Interanl Qaultiy Audits.

3.0 REFERENCES

Corrective Action Procedure
Audit Schedule
Personnel Qualified to Perform
Quality Audits
WI for NCR/CAR Coordinator

4.0 DEFINITIONS

Quality Audit: A systematic and independent examination to determine whether quality activities and related results comply with planned arrangements, and that these are implemented effectively and are suitable to achieve objectives.

Desk Top Audit: A systematic and independent examination to determine whether the documented Quality Manual, Quality Procedures and Work Instructions fulfil the requirements of AS 9001 and the agreed specifications.

Quality System: The organisational structure, responsibilities, procedures, processes and resources for implementing Quality Management.

Objective Evidence: Qualitative or quantitative information, records or statements of fact pertaining to the quality of an item or service, or to the existence and implementation of a quality system element, which is based on observation, measurement or test which can be verified.

Non Conformance: A deficiency in characteristics, documentation or process implementation which renders the quality of an item outside that required by the relevant specification.

Potential Non Conformance: A potential deficiency in characteristics, documentation or process implementation which may render the quality of an item outside that required by the relevant specification if not actioned.

5.0 ACTIONS

5.1 Scheduled Audits

The Technical Resource Manager shall be responsible for the establishment of an annual Audit Schedule and for monitoring that schedule to ensure that planning is commenced in sufficient time to provide at least one week's notice to Departmental Heads required to assist in audits.

5.2 Unscheduled Audits

5.2.1 Any nonconformance which, because of it's nature or severity, indicates that urgent action is required for resolution may be investigated, as required, by means of an Unscheduled Quality Audit.

5.2.2 Unscheduled audits may be initiated by the Branch Manager or any Departmental Head in consultation with the Technical Resource Manager who is then responsible for organising and conducting the audit and recording their occurrence on the Audit Schedule.

5.2 Planning

5.2.1 The Technical Resource Manager (or his designate) shall select the appropriate auditor(s). They must be independent of the activities to be audited and appropriately trained in auditing practices. Training may be conducted internally by already existing auditors or by an external body such as AOQ.

5.2.2 The Auditor is responsible for the collection of any documentation relevant to the planning and conduct of the audit, such as previous checklist summaries, Audit Reports and/or outstanding Corrective / Preventative Action Requests. If necessary, the Auditor shall conduct a Desk Top Audit on the relevant Quality System documentation prior to conducting the actual audit visit.

5.2.3 The Auditor is responsible for:

(a) Planning activities to meet the audit schedule and objectives.
(b) Issuing the Audit Notification Form .
(c) Set tasks by means of Audit Checklists .

5.2.4 Where necessary a reconnaissance visit may be conducted to gather information to ensure the effective and smooth running of the audit (eg. Production Schedules and Staff Availability may need to be ascertained).

5.3 Frequency of Audits

Each element of the Quality System is to be audited at least oncer per 12 months (Calendar Year).

5.4 Notification of Audit

At least one week prior to the scheduled date of the audit, the concerned Sub-Contractor and / or Departmental Head(s) shall be notified by the Auditor of the pending audit of their Site or Branch by issue of an Audit Notification Form ().

This formal notification will set the date, time, duration, detail the audit objectives and name the auditor(s). It should also establish whether certain resources, guides or particular records are required to be made available during the audit.

5.4 Conducting the Audit

5.4.1. The audit shall be performed using Audit Checklist(s) (BAT-PST-17) prepared with reference to the relevant Site Procedure, as a guide to the direction of questions. Details of nonconformance and any other relevant observations shall be recorded to facilitate preparation of the Checklist Summary.

5.5 Audit Reports

5.5.1 Auditors shall complete the checklist summary at the bottom of the checklist form , summarising the audit findings, observations and NCR / CAR's raised according to the key provided (including NCR / CAR numbers).

5.6 Corrective / Preventative Action Requests

Auditors shall report non conformance's / potential non conformance's and raise Corrective or Preventative Action Requests on NCR / CAR Forms as appropriate in accordance with the Corrective & Preventative Action Procedure .

5.7.3 Sub-Contractors or Department Heads of the area where the non conformance / potential non conformance was detected. shall sign the CAR's to indicate that they understand the audit findings and be responsible for implementing appropriate corrective / preventative action to address the problem in accordance with the Procedure for Corrective & Preventative Action.

5.7.4 Agreement regarding the nature and timing of Corrective or Preventative Action implementation shall be decided upon by the auditor, along with a date for follow-up/verification activities (eg. reaudit or receipt of records, documentation etc.).

5.8 Final Report

5.8.1 A copy of the Checklist Form shall be supplied to the relevant Department Head for information, the original filed by the NCR / CAR Coordinator, and a copy kept by the auditor to be used as reference for the follow-up/verification.

5.8.2 The NCR / CAR Coordinator shall file all checklist forms and CAR's / PAR's in accordance with (BAT-CAR-03) Work Instruction for the NCR / CAR Coordinator.

6.0 DOCUMENTATION

NCR / CAR
Audit Notification Form
Audit Checklist

7.0 AUTHORISATION

Authorised by: _____ Branch Manager Date: _____

Issued by: _____ Document Coordinator Date: _____

6.0 DOCUMENTATION

NCR / CAR
Audit Notification Form
Audit Checklist

7.0 AUTHORISATION

Authorised by: _____ Branch Manager Date: _____

Issued by: _____ Document Coordinator Date: _____

CORRECTIVE & PREVENTATIVE ACTION PROCEDURE

1.0 PURPOSE

The purpose of this Procedure is to describe how the Technical Resource Manager and Department Heads;

(a) Investigate the causes of non conformance and take appropriate Corrective Action to prevent recurrence.

(b) Identify areas of potential non conformance and take Preventative Action to prevent their occurrence.

2.0 SCOPE

This procedure applies to the initiation, implementation and verification of corrective and preventative action and to the maintenance of relevant records. Corrective and preventative action may relate to either the product (and hence, ingredient) or the Quality Management System.

3. DEFINITIONS

3.1 **Critical Non Conforming Product** - That product that may cause health problems to the consumer or the product is so degraded functionally to be unusable.

3.2 **Critical Non Conforming Processes** - A complete absence of, or a serious digression from, an Australian Standard, a documented Procedure, Specification or Work Instruction for a process or Product that will directly effect the quality of a finished product.

3.3 **CAR** - Corrective Action Request.
PAR - Preventative Action Request.

3.4 **Non-conformance** -
- **3.4.1** Product or a process that does not conform to a documented Specification, Procedure or Work Instruction.
- **3.4.2** A process that directly effects the quality of the product for which an authorised Specification, Procedure or Work Instruction does not exist.

3.5 **Corrective Action** is that action taken to:
- **3.5.1** identify nonconforming product, processes or procedures.
- **3.5.2** investigate the causes of the nonconformance.
- **3.5.3** investigate the corrective action required to prevent recurrence.
- **3.5.4** initiate the changes to Procedures, Specifications, Work Instructions, equipment or processes to prevent recurrence of the nonconformance.
- **3.5.5** apply controls to ensure that the action taken is effective.

3.6 **Preventative Action** is that action taken
- **3.6.1** to prevent the occurrence of a potential non conformance.

4. REFERENCES

Internal Audit Procedure.
WI for NCR/CAR Coordinator.
Corrective & Preventative Action Software.
Operation of Corrective & Preventative Action Software.

5. ACTION

5.1 CORRECTIVE ACTION

Corrective Action shall be initiated in response to;

5.1.1 a Critical Nonconforming Product.
5.1.2 a Critical Nonconforming Process.
5.1.3 a repeated nonconformance, or an apparent trend in quality characteristics that in the opinion of the Technical Resource Manager result from a breakdown in the Quality Management System.
5.1.4 An Audit conducted in accordance with Audit procedure.
5.1.5 an External Audit (ie. being Audited).

5.2 Initiating a Corrective Action

Corrective Action can be initiated by;

5.2.1 the Technical Resource Manager.
5.2.2 the auditor of an internal Quality Systems audit.
5.2.3 any other Sub-contractors, Department Head, Manager or Key Line Personnel.

5.3 Documentation of Corrective Action

Corrective Action shall be documented on the Corrective Action Request .

5.4 The NCR/CAR Coordinator shall maintain a Register of all CAR's in accordance with the Work Instruction for NCR/CAR Coordinator .
5.4.1 This register shall be in the "Corrective & Preventative Action Software" .
5.4.2 Summary reports of Corrective / Preventative Actions and Outstanding Corrective or Preventative Actions are available for information but are not Controlled Documents.

5.5 Issue of the Corrective Action Request

The person initiating the CAR shall

5.5.1 obtain a CAR number from the NCR/CAR Coordinator.
5.5.2 nominate the relevant Department Head who shall be responsible for taking and implementing the corrective action.
5.5.3 in consultation with the Department Head record;
5.5.3.1 a date that the corrective action must be implemented by.
5.5.3.2 a date that the corrective action shall be verified by.

5.6 The Sub-Contractor or Departmental Head shall indicate his acceptance of the CAR and the corrective action by signing in the appropriate area on the Corrective Action Request .

5.7 Copies of the CAR shall be distributed as follows
5.7.1 Sub-Contractor or Departmental Head
5.7.2 initiator of the CAR
5.7.3 NCR/CAR Coordinator

5.8 Complying with a CAR

On receipt of the CAR the Sub-Contractor or Department Head shall;

5.8.1 initiate an investigation into the cause of the non conformance.

5.8.2 develop means whereby the non conformance can be prevented from recurring.

5.8.3 ensure that the investigation is completed and appropriate corrective action taken within the time specified in the CAR.

5.8.4 institute any necessary changes to Procedures, Specifications, Work Instructions, processes or equipment.

5.8.5 where appropriate implement appropriate training.

5.9 Finalisation of the CAR

The initiator of the CAR shall, within the time specified in the CAR, verify that the corrective action has been taken and

5.9.1 that the action taken is effective.

5.9.2 any consequent changes to Procedures, Specifications, Work Instructions, processes or equipment have been initiated.

5.10 Once verified the initiator shall sign the CAR and return it to the QA Department.

5.11 The NCR/CAR Coordinator shall update the Register of CAR's.

5.12 Review of Outstanding CAR's

The NCR/CAR Coordinator shall issue a summary of all incomplete CAR's to table at the Management Review Meeting.

5.13 At the Management Review Meeting the Management team will review all outstanding CAR's.

5.13.1 The results of this review along with subsequent recommendations, shall be documented in the Management Review Action Plan .

5.14 PREVENTATIVE ACTION

Preventative Action shall be initiated if it is believed a non conformance may occur.

5.15 Investigation of the potential non conformance

The relevant Manager (or designate) shall investigate the potential for the non conformance to occur so that timely Preventative Action appropriate to the importance of the problem is taken.

5.16 Implementation of Preventative Action

The relevant Manager (or designate) shall complete the Preventative Action section of the form detailing the preventative action planned, including (where appropriate), provision for short term action to prevent occurrence, followed by planned action to prevent occurrence.

The Manager is responsible for:-

(a) Implementation of the planned Preventative Action including, where appropriate, changes to relevant quality documents (eg. Ingredient Specifications, Work Instructions).

(b) Implementation of training / retraining to ensure that relevant personnel are informed, and competent to carry out the activities required to prevent occurrence.

5:17 Control to ensure effectiveness of Preventative Action

The Technical Resource Manager, Auditor (or their designate) shall follow up to verify that the preventative action was completed by the date specified and that it was effective.

If the effectiveness of the preventative action cannot be confirmed at the time of completion a further follow up date shall be specified to ensure that the action was effective before the PAR section can be closed out.

Information on significant preventative action shall be submitted for Management Review.

If there are any unresolved issues a plan for their resolution must be documented and authorised by the Branch Manager and attached to the Preventative Action Request.

5.18 Preventative Action Records

As for sections **5.3** and **5.4**.

The NCR / CAR Coordinator shall distribute reminder memos to relevant Department Heads when a Corrective Action request or Preventative Action Request becomes overdue for follow up in accordance with the Work Instruction for the NCR / CAR Coordinator .

6.0 DOCUMENTATION

Non Conformance Report / Corrective & Preventative Action Request.
Management Review Action Plan.

7.0 AUTHORISATION

Authorised By: _____ Branch Manager Date: _____

Issued By: _____ Document Coordinator Date: _____

WORK INSTRUCTION FOR COMPLAINTS TO SUPPLIERS

1.0 PURPOSE

The purpose of this work instruction is to detail how complaints to suppliers are made over non-conforming product/material and transport delays.

2.0 SCOPE

The scope of this work instruction includes all deliveries of raw materials and packaging, transport delays, deliveries of non conforming materials, and delays in receiving supplies and documentation.

3.0 REFERENCES

N/A

4.0 DEFINITIONS

N/A

5.0 ACTIONS

5.1 Any problem with a supplier must be documented on a Notice of Complaint form which is to be forwarded to that customer for response.

5.2 The complaint can deal with any or all of the following:

Poor Quality
Late Delivery
Late Pick-Up
Insufficient Documentation
Short/Over Supply
Damage
Non-Conforming Material

5.3 The Notice of Complaint is to be recorded on the Supplier Complaints Log

5.4 The person originating the complaint must direct it to the supplier with a covering letter requesting response to the complaint.

5.5 The originator is to follow up with the supplier their response to complaint.

5.6 Copies of all complaints are to be issued to the Logistics Manager.

6.0 DOCUMENTATION

Notice of Complaint form
Supplier Complaints Log

7.0 AUTHORISATION

Authorised by: _____ Logistics Manager Date: _____

Issued by: _____ Document Coordinator Date: _____

GMP AUDIT PROCEDURE

1. PURPOSE

1.1. The purpose of this procedure is to detail how the GMP Audits are undertaken and reported.

1.2. The aim of the GMP Audit Procedure is to

monitor and report on non-conformance's with the Branch GMP Policy

ensure that whenever there is a non-conformance, appropriate corrective action is taken to prevent recurrence

2. SCOPE

2.1. The Scope of this Procedure includes all non conformance's with the GMP Policy

3. DEFINITIONS

3.1. GMP - Good Manufacturing Practice

3.1. Non Conformance - Where the GMP has not been adhered to

3.2. CAR - Corrective Action Request

4. REFERENCES

GMP Policy

Corrective Action Requests

5. ACTION

General

5.1. GMP Audits are audits conducted by suitably qualified personnel of all parts of the factory to

5.1.1. identify and document any nonconformance with the GMP Policy

5.1.2. recommend responsibility for rectifying the problem and instituting corrective action to prevent recurrence

5.2. The QA Manager shall ensure that a regular series of GMP audits are conducted throughout the factory

Qualifications

5.3. Audits shall be conducted by personnel the QA Manager considers are suitably qualified or experienced in the requirements of food processing and the GMP Policy

Audit Schedule

5.4. Audits shall be conducted at least once per month at the discretion of the QA Manager

Audit Reports

5.5. The results of the Audit shall be documented on the GMP Audit Report

5.6. Where Items are continually recurring the QA Manager shall institute a CAR

5.7. The QA Manager shall retain copies of all GMP Audit Reports

6.0 DOCUMENTATION

GMP Audit Report

Corrective Action Request

7.0 AUTHORISATION

Prepared By: _____ Title: Accreditation Manager

Date: 9 May, 1996

Authorised By: _____ Title: QA Manager

Date: 9 May, 1996