Final Report

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Portfolio Review of MLA's Value Added Red Meat Innovation Program (initial evaluation of Prodex tools)

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Executive Summary

MLA undertakes various programs of research and marketing initiatives including a theme of activities to grow red meat demand. Prodex Systems were engaged to complete a review of the Value Added Red Meat portfolio and support the development of a framework to optimize the investments in innovation programs and projects using various Prodex tools.

Guidelines: The Executive Summary is the most important part of the document as it will be the section that MLA distributes to raise awareness of the completed study. The Executive Summary provides an extended overview of the project sufficient in detail so that the reader can appreciate its objectives, approach, key results and insights, and implications for industry and for further research. It should be a maximum of two or three A4 pages.

The Executive Summary should summarise project objectives, significant results, conclusions and recommendations for future actions. It should answer the questions in more detail then the abstract:

- Why the work was done (what was the problem);
- How it was done;
- What was achieved; and
- What industry benefit/s will arise from the work (what were the results and implications of your work).

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Background

Meat & Livestock Australia (MLA) undertakes various programs of research and marketing initiatives including a theme of activities to grow red meat demand.

Prodex Systems was engaged by MLA to complete a review of the Value Added Red Meat portfolio and develop of a framework to help optimize its investments in innovation programs and projects.

Projective Objectives

The key objectives of the project include:

1. Definition of the project portfolio for MLA Value Added innovation
2. Definition of "Strategic Buckets" for classification of projects
3. High level review of existing portfolio relative to Strategic Targets
4. Development of Excel Portfolio Charts and Reports which present the existing Portfolio and framework for future strategic planning and mapping
5. Recommendations for deployment of real-time Portfolio and Project Management.

Methodology

The project involved the following approaches:

1. An initial portfolio review workshop with MLA to:
    a. Define the currently project portfolio for Value Added Red Meat Innovation.
    b. Understand current opportunities, challenges and strategic imperatives.
    c. Establish a set of strategic buckets to be used for classifying and analysing projects at MLA.
2. The creation of Portfolio charts in Microsoft Excel based on 'As Is' MLA portfolio data as provided.

Results

1.1 Strategic Buckets

The following key criteria were defined during the portfolio review workshop and are proposed as the mechanism for classifying and analysing projects at MLA:

1. Project Type
    a. Marketing or R&D
2. R&D Category
    a. Capability
    b. Experimental Development
    c. Applied Research
    d. Strategic research
    e. Commercialisation
3. Strategic Imperative

    a. AOP title – eg., Scholarships for Post Graduate Research
4. Peak Bodies
    a. E.g., AMPC (Australian Meat Processing Corporation)
5. Innovation Category
    a. Product
    b. Technical
    c. Business Model
    d. Insight
    e. Other
6. Driving Trend
    a. Health and wellness
    b. Convenience
    c. Indulgence /Premium-isation
    d. Ageing Population
    e. Export (Asia)
    f. Lowest Cost Production
    g. Capability Development
7. MSA Project
8. Grower Type
9. Species
10. Market
    a. Domestic
    b. Export (including Region if relevant)
11. Client
12. Partner
13. Product Categories
14. Technology Platform
15. Technical Newness
16. Market Newness
17. Project Status (% Complete)
18. Project Launch/Completion Date
19. Impact (Who – e.g., grower, producer, retailers, consumer)
20. Impact ($/Head)
21. Investment Committed
22. Investment Remaining to Complete
23. Funding Partner
24. Research Provider
25. Project Tracking
26. Risk /Reward

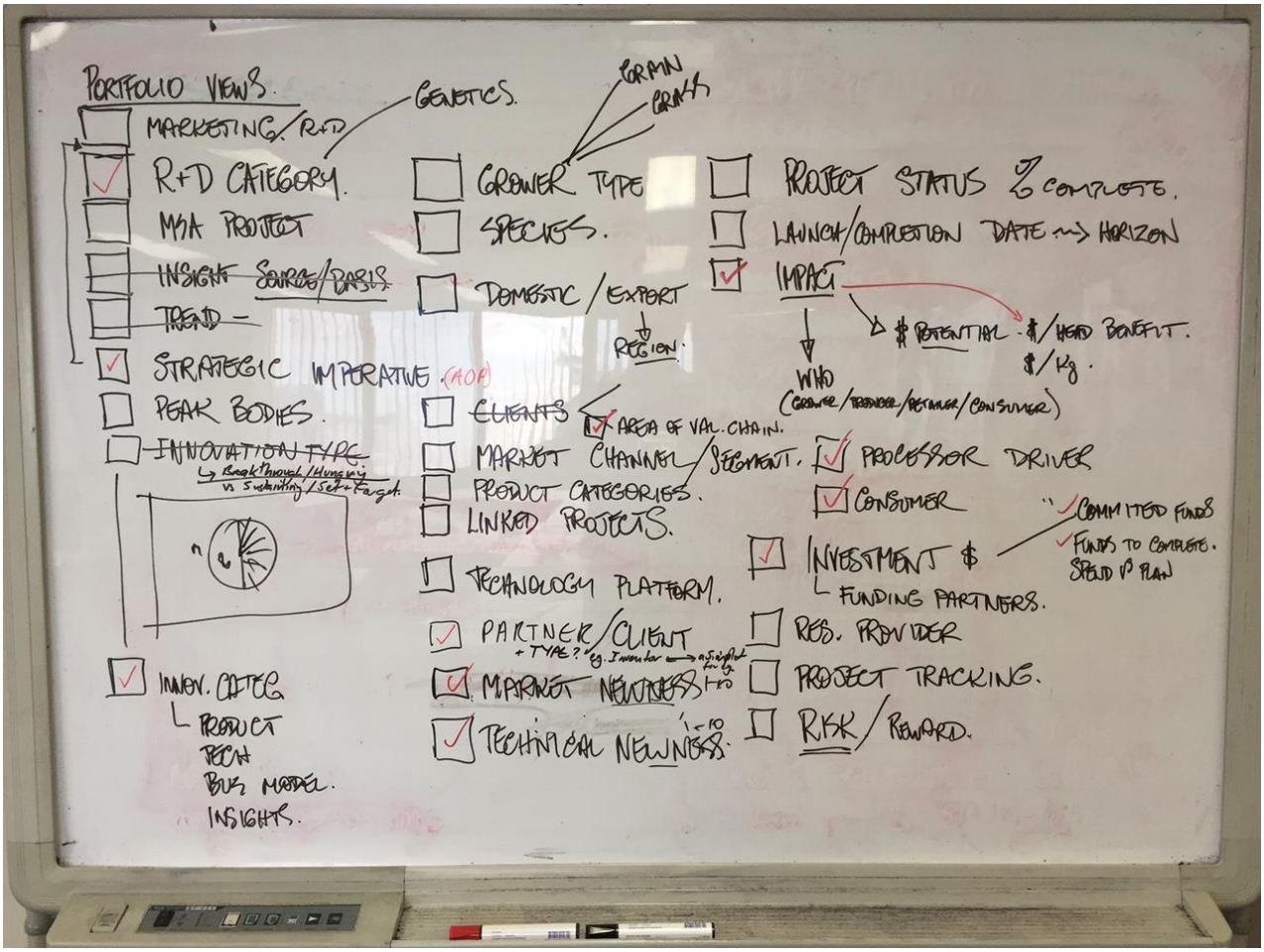

Image: Whiteboard notes from the Portfolio Review Workshop.

1.2 Portfolio Reports

The following reports were prepared after the portfolio review workshop taking project portfolio data provided by MLA and using the Strategic Buckets defined during the session.

1.2.1 Portfolio Split

Portfolio split reports are designed to show the proportion of resources consumed by, and contribution from, projects across a portfolio of projects.

The portfolio split report prepared for MLA shows:

1) The number of projects in the Value Added Red Meat portfolio - 106 projects in total.
2) The dollars invested (actual & planned) – $9.19 million of $16.5 million in total.
3) The cumulative impact of projects in the portfolio - $72/head in total. Note that it may be more useful to change this figure to a weighted average given that a summed total does not take into account chance of success or where innovation is in market together or separately.

These portfolio elements are shown through 4 different lenses:

1) By R&D Category.

2) By Investment Stream.
3) By Top 10 Partners.*
4) By Top 10 Vendors Partners.*

*Note that because the Partners and Vendors are restricted to the top 10, the data is only a subset of the total portfolio.

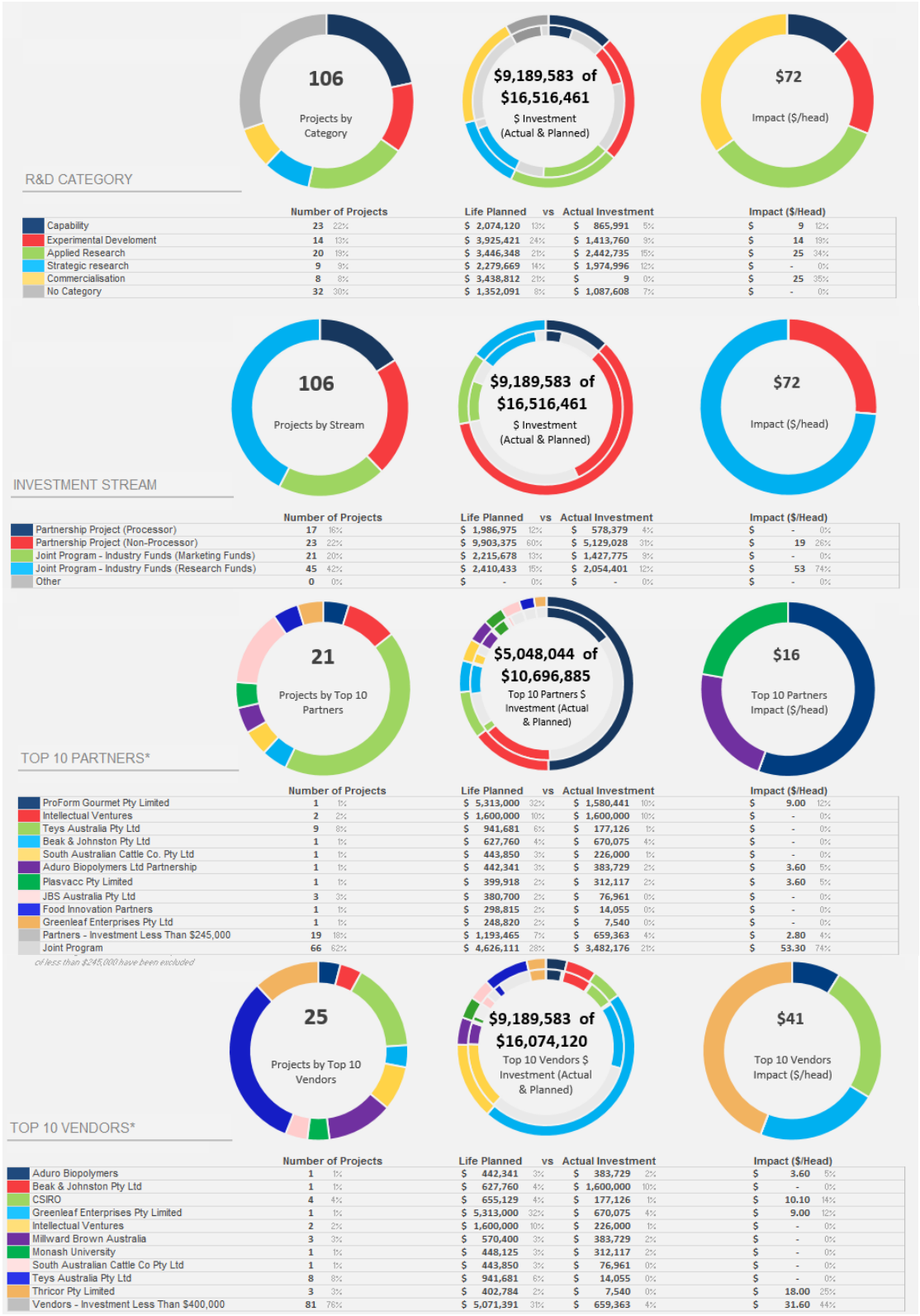

Image: A screen capture from the Portfolio Split report.

1.2.2 Carcass Value Map

The Carcass Value Map was prepared specifically based on MLA requirements. It shows projects plotted on a bubble chart showing their impact on yield (vertical axis) and revenue (horizontal axis) with bubble size denoting Planned Investment.

Projects appearing to the top and to the right have a greater positive impact and should be seen as more attractive than those in the bottom left (hence the background shading of the chart from red to green).

Note that only several projects currently have values for yield and revenue impact which results in a majority of projects sitting in the 0,0 position on the chart.

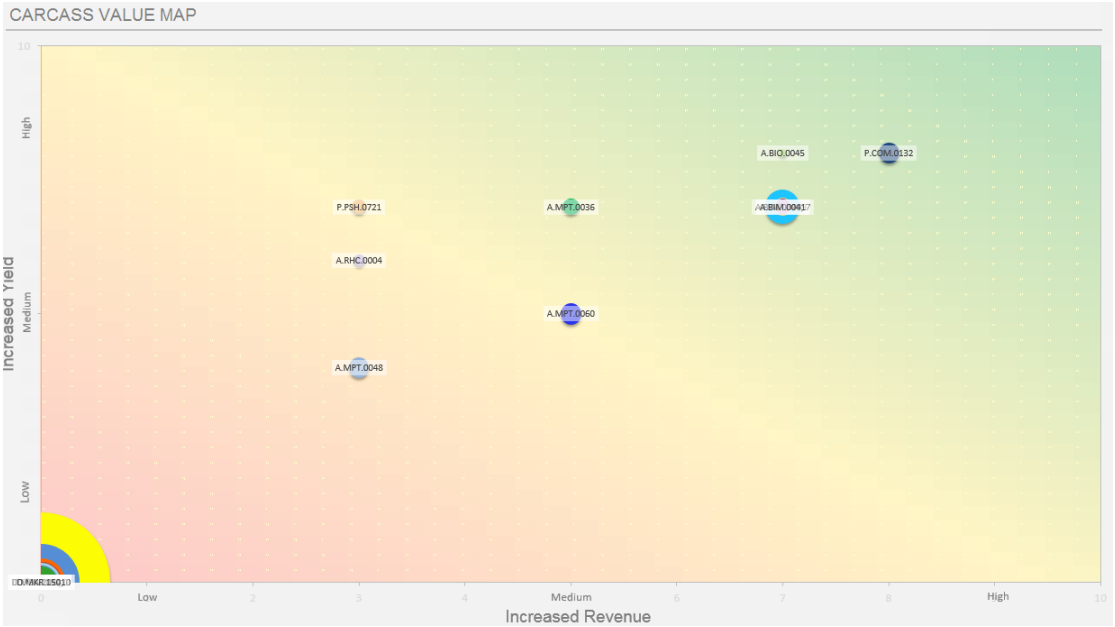

Image: A screen capture of the Carcass Value map.

1.2.3 Degree of Technical and Market Newness

The Degree of Technical and Market Newness helps show where projects are innovative and where potential risk or competitive advantage may lie. It shows projects plotted on a bubble chart showing their degree of market newness (vertical axis) and technical newness (horizontal axis) with bubble size denoting Planned Investment.

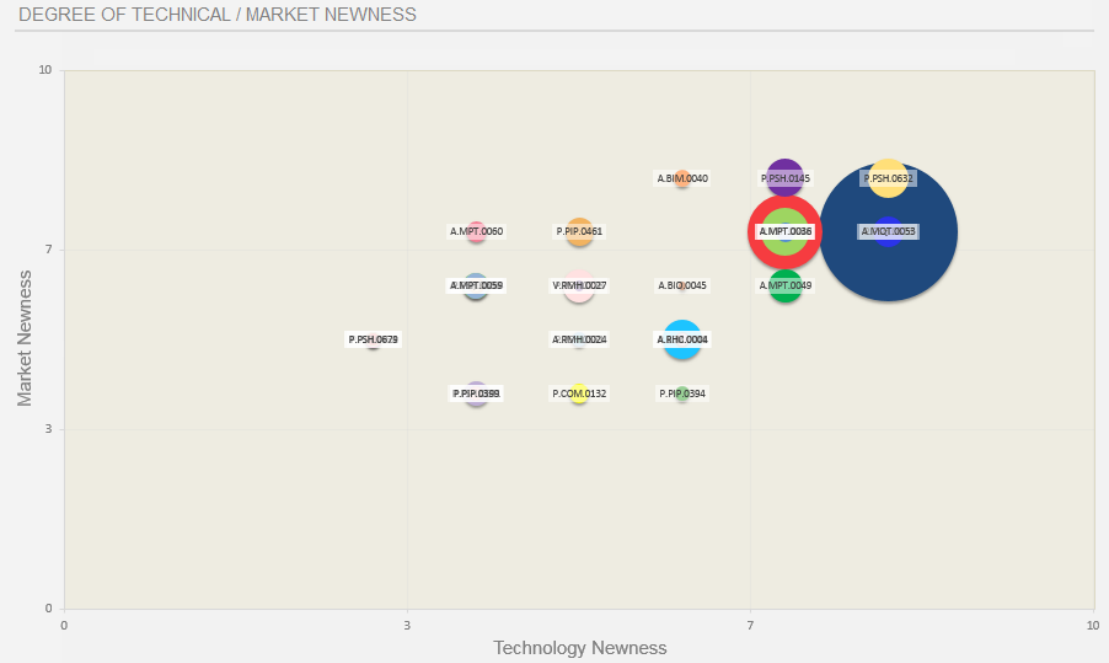

Image: A screen capture of the Degree of Technical / Market Newness.

1.2.4 Degree of Innovation Over Time

The Degree of Innovation Over Time shows how innovative projects are vs when they are scheduled for completion. It allows organisations to see when innovation will be available for commercialisation or ready for release to the market. Again it allows for identification of risks such as gaps in an innovation pipeline or an imbalance of project types based on degree of innovation.

It shows projects plotted on a bubble chart showing their degree of innovation (using market and technical newness combined) (vertical axis) and time to completion (horizontal axis) with bubble size denoting Planned Investment.

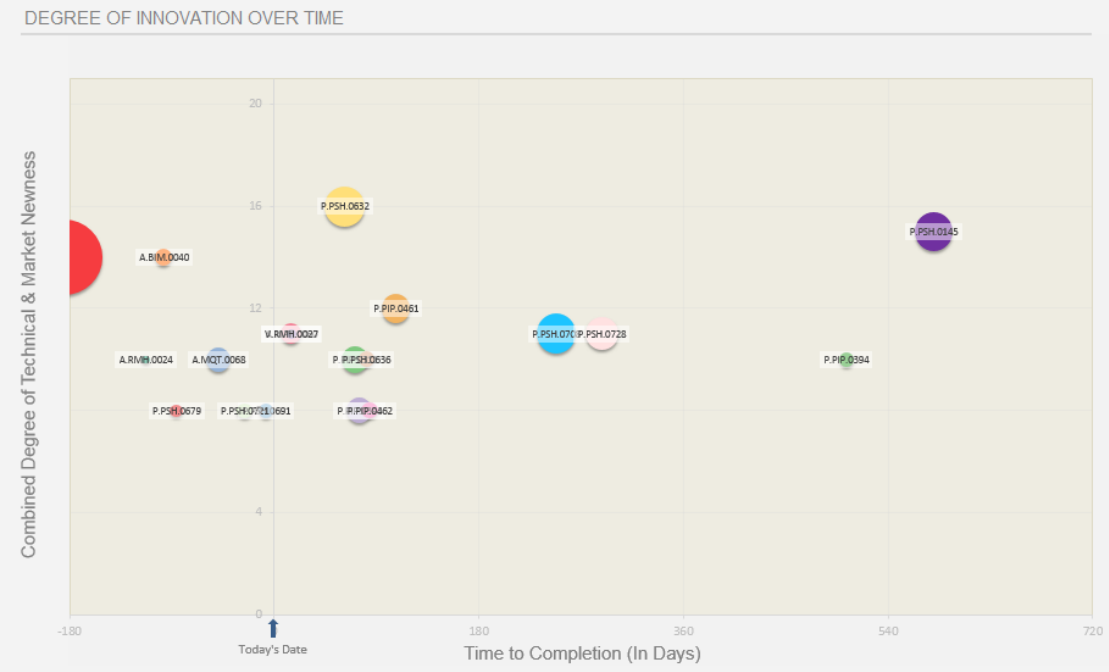

Image: A screen capture from the Degree of Innovation Over Time report.

Discussion

The analysis and interpretation of the data as it appears in the reports generated is not part of the scope of the current project.

This would be a logical next step and is included in the conclusions and recommendations section below.

Conclusions/Recommendations

Prodex makes the following recommendations in regard to the next steps that MLA should consider in maturing its innovation portfolio management capabilities:

1.3 Consider extending portfolio review to other areas of MLA

This process has shed light on the 'As Is' make-up of the MLA Value Added Red Meat portfolio. This could be extended to other portfolios across MLA to gain an understanding of the broader portfolio.

1.4 Adopt a portfolio management solution

Given the value and significance of MLA's innovation portfolio, Prodex recommends that the organisation move beyond capturing and tracking innovation projects in Microsoft Excel by evaluating and adopting a portfolio management software solution.

Some of the major reasons for this recommendation include:

- The input of information can be automated and assigned to specific users. Including those that may be external to the organisation (e.g., research partners).
- Information stored is secure and protected.
- Information stored is accessible wherever there is an Internet connection.
- Multiple people can access the same information at once.
- Reports are updated in real-time based on information entered.
- There is an audit trail of changes and versioning of information in the event of errors or omissions.

1.5 Configure the portfolio solution based on MLA's strategic buckets

Now that the work has been done to identify the strategic buckets most useful for the classification, tracking and evaluation of projects at MLA, these criteria should be applied to the portfolio management software selected.

1.6 Import portfolio data and fill in gaps

The next step in this process would be to import MLA's current portfolio data into the portfolio management software and fill in any gaps in the data to ensure that portfolio reports have a complete data set to draw on.

1.7 Establish specific strategic targets and compare ‘As Is’ data

Prodex recommends that MLA look to establish some key strategic targets to help better manage the portfolio.

For example, this might include specifying a target percentage of total investment for each R&D category. This would then allow for the comparison of data and be a trigger for specific corrective actions where actual portfolio data is at odds with targets.

Key Messages

Not applicable.

Bibliography

Not applicable. No external references were required during this project.