



final report

Project code: P.PIP.0507

Prepared by: Helen Qiao
Harvey Industries Group Pty Limited

Date published: 27 April 2018

PUBLISHED BY
Meat and Livestock Australia Limited
Locked Bag 1961
NORTH SYDNEY NSW 2059

Final Report - Harvey Beef Young Food Innovator Trainee

This is an MLA Donor Company funded project.

Meat & Livestock Australia acknowledges the matching funds provided by the Australian Government and contributions from the Australian Meat Processor Corporation to support the research and development detailed in this publication.

This publication is published by Meat & Livestock Australia Limited ABN 39 081 678 364 (MLA). Care is taken to ensure the accuracy of the information contained in this publication. However MLA cannot accept responsibility for the accuracy or completeness of the information or opinions contained in the publication. You should make your own enquiries before making decisions concerning your interests. Reproduction in whole or in part of this publication is prohibited without prior written consent of MLA.

Executive summary

Harvey Industry Groups Pty Ltd (Harvey Beef) is the largest beef processor in Western Australia; it processes more than a third of the total number of cattle produced in the State each year. Harvey Beef supplies major domestic supermarket chains and independent retail outlets in WA; internationally Harvey Beef export about 60% of its products to North America, Asia and Middle East markets under its own brand. Historically Harvey Beef has only produced boxed primal cuts until its new retail ready packaging facility was commissioned in June 2016 and started producing retail packed value adding beef and lamb products for domestic retail and food service industries.

Harvey Beef participated in the Yong Food Innovator Trainee program between June 2016 - May 2018.

The Program was led by MLA Donner Company as a sub-project within the Insight to Drive Food Value Chain Innovation & Growth project funded within the Rural R&D for Profit Programme. The specific aim of the Project is to assist young professionals to build "whole-of-(value) chain" strategic value chain thinking and capabilities that will equip them to work with innovative food value chains that are seeking to innovate in order to grow high value opportunities in both domestic and export markets based on deep market and consumer insights.

Helen Qiao was the participant hosted by Harvey Beef as a trainee of the Program. Helen came into the Program with finance and project management background and completed her MBA study during the Project period. Helen was placed within Harvey Beef (the Host Company) in a newly created position that is consistent with the Project objectives. The Host Company provided the Trainee with a range of opportunities to be trained in company operations and learned about the value chain of the cattle industry.

This Final Report details key deliverables and result for the Harvey Beef trainee which focus building and delivering innovation solutions that grow red meat demand and work with key Harvey Beef personnel and value chain partners.

To achieve the desired objectives, MLA and Harvey Beef supported the Trainee to attend MLA organised residentials to work at various areas relating to the improvement of industry value chain design. The themed residentials took place at different locations and were run by industry leading institutions. The participants also took other forms of structured training and development program that encompasses product and process knowledge, value chain thinking, market and consumer insights and general skills.

During the Project period the trainee gained required industry knowledge for the purpose of the objectives. Work performed during the Project period could be categorised into:

- training: the trainee took structured and unstructured training sessions with both the Host Company and MLA led residential;
- research and analysis: substantial research and analytic work was undertaken by the trainee on market and consumer insight utilising design thinking method and tools for the purpose of market and product development;
- project management: during the Project period, the trainee managed a number of projects within the Host Company. The projects managed are innovative and forward looking in nature with the aim to develop and improve capacities within the organisation.

Various projects managed by the trainee during the period were part of the effort of Harvey Beef to improve its value chain by extract more value out of its limited product and existing production. Areas

impact on include: value adding product development and market development, process improvement, production capacity procurement, and product and corporate marketing.

As the largest beef processor in WA which turns off large percentage of the state's annual production, any sustained improvement and expansion of capacity of Harvey Beef would benefit the region and State's cattle industry and related businesses in various ways:

- reduced operation risk;
- higher operation margin
- improved scale of production with reduced production cost;
- job and training opportunity which are important aspect of community building and development.

Table of contents

1	Background	5
1.1	Young Food Innovators: Emerging Leaders	5
1.2	Harvey Beef	5
2	Project objectives	5
3	Methodology	6
3.1	Residential	6
3.2	Research and Analysis	7
3.3	Projects within Host Company	7
4	Results	7
5	Discussion	8
5.1	Industry Impact	8
5.2	Impact within the Host Company	8
6	Conclusions/recommendations	8
7	Key messages	9

1 Background

1.1 Young Food Innovators: Emerging Leaders

The *Young Food Innovators: Emerging Leaders* program is a sub-project within the Insights to Drive Food Value Chain Innovation & Growth project (funded within the Rural R&D for Profit Programme) and is aimed at assisting the red meat, horticulture, seafood, dairy industries and pork (the participating sectors) to attract, develop and retain new talent. The specific aim is to assist young professionals to build 'whole-of-chain' (plate to paddock) strategic value chain thinking and capabilities that equip them to work with innovative food value chains that are seeking to innovate in order to grow high value opportunities in both domestic and export markets based on deep market and consumer insights.

1.2 Harvey Beef

Harvey Beef is the largest beef processor in Western Australia; it processes more than a third of total cattle production in the state each year. Harvey Beef supplies major domestic supermarket chain and independent retail outlets; internationally Harvey Beef export about 60% of its products to North America, Asia and Middle East markets under its own brand. Historically Harvey Beef has only produced boxed primal cuts until its new retail ready production facility was commissioned in June 2016 and started producing retail packed value adding beef and lamb products for domestic retail and food service industries.

Since taken over by private investment company Mindaroo Foundation in 2014, Harvey Beef has been in an expansion process. A retail ready production facilities with substantial capacity and further expansion potential was build and commissioned to produce value adding product as an natural extension of the existing primary processing production. Harvey Beef wants to be an more vertically integrated beef product supplier and create more value in its supply chain. Harvey Beef propose to achieve these objectives by:

- identify the need and requirement of the markets (domestic and export) and customer;
- develop products and product lines that fits the market condition;
- be innovative and proactive in its supply chain design and management;
- process optimisation;

Harvey Beef's participation in the Program are design as part of the effort to achieve overall organisational objectives by utilising levy paid and industry body's initiative.

2 Project objectives

The participant will achieve the following objectives(s) to Harvey Beef's and MLA's reasonable satisfaction:

- using data and information generated in the business and customer channels to provide insights to identify demand opportunities that inform supply strategies through primary processing, further processing and new growth opportunities to create and capture value with a focus on export markets and new market segments
- assist Harvey Beef in the development and implementation of value chain innovation strategy including investment in enabling platforms and new business models and developing demand driven products and markets for beef.

- develop network, skills and capabilities to collect and collate consumer attitudinal, category trading, quality and yield and value data and information to make business decisions and value chain design innovations from insights.
- support and align to MLA-Harvey Beef Collaborative Innovation Strategies Program (CISP) and Harvey Beef's whole of business improvement approach and provide support to the current Harvey Beef business improvement team where this is consistent with the overall objectives of this program
- Trainee will also work on specific food value chain innovation, marketing and insight projects that are agreed by Harvey Beef and Rural RD4Profit insights Project Steering Committee (led by MLA) and participate in reporting lessons learnt analysis for attracting and retaining young innovators to agrifood sector

The focus of the proposed program will be to build and deliver strategic value chain thinking and capabilities on primary and further processing production systems and meat procurement/scheduling and grading models informed by consumer and end customer insights and product supply. This is likely to include:

- new product development in capturing identified new market opportunity domestically and internationally
- developing product value adding capacity to enable the successful launch a domestic/export retail ready product range through a new facility.

3 Methodology

Project Objectives are achieved mainly in three ways:

- MLA led YFI residential
- Research and analytics work by the participant
- Various projects within Harvey Beef operation

3.1 Residential

MLA organised 6 week long residential over the span of the Project time at various locations. The participants was given the opportunities to work with some industry leading innovation organisations in areas of:

- design led thinking
- value chain innovation
- product design innovation
- rapid business model innovation spring
- innovation model and organisation culture
- future of food

Lessons learn were related back to the host company and applied to participant's everyday work and projects at the host company.

3.2 Research and Analysis

Research and analytic work was performed by the participant in projects dictated by the YFI program and the host company. Area of research covers distribution channels for potential product, market condition, consumer insight, internal process and procedures optimisation.

Design led thinking, consumer insight and value chain design optimisation are incorporated into the design and scope of the research work undertaken.

Result of the research are applied to market development, distribution channel development and product development.

3.3 Projects within Host Company

Participant managed and involved with a number of innovation oriented projects in order to achieve the stated Project Objectives, the projects involves:

- product and market development for value added product export to Asia and Middle East region, activities include:
 - market research
 - consumer insight research
 - product and packaging development
 - distribution channel research
 - equipment financing and acquisition for the product development
- animal welfare study by 3rd party academic body with ultimate aim to improve animal welfare standard in Harvey Beef's production process and improve animal handling process and procedure
- feasibility study and design of biogas production facility at the processing facility with aim to improve production efficiency and environmental impact
- feasibility study and design of an automation room in the processing facility
- review and update of risk assessment process and documentation for the Harvey Beef production

4 Results

Overall, the Project achieved most of MLA and the Host Company's objectives set out in the Project:

- the company benefited from the research and development work done within the scope of the Project;
- the trainee obtained the industry experience and knowledge;
- new business ventures and capacity were installed within the business to supply demand driven market;
- the trainee became part of the network established during the project period; week long residential with focused

5 Discussion

5.1 Industry Impact

In addition to performing relevant value chain innovation roles within Harvey Beef, the trainee also worked on specific food value chain innovation, marketing and insights projects. During the 2 year project period, the trainee underwent a training and development program that provided opportunities to the trainee on areas of:

- industry product & process knowledge
- market and consumer insights with a focus on emerging export markets and market segments
- value chain design and business model innovation
- general project management and innovation skills development

This program provided a crucial opportunity for the trainee who was from a different industry with experience and knowledge required by the industry to have access to further development within the agriculture industry, ultimately benefit the industry in general.

The knowledge and experience gained during the process will benefit the trainee and the industry in future; and install innovation capacity in the industry in general.

5.2 Impact within the Host Company

Harvey Beef participated in the program with the aim to further develop its export capacity in market and consumer development for its value added product. The work and projects carried out by the trainee contributed to the company's effort in the area and achieved success in this objective. This will be a continued effort in the company's part as an crucial strategic direction of the organisation has a whole: to create and maintain value in its supply chain while improve product margins and reduce risk within commodity market.

However, to install a position within the organisation with a stand along objective of "development and implementation of value chain innovation strategy" has provided not being the best vehicle for the purpose:

- it was not clear how the role would be integrated within the organisation to create long term impact;
- how the input of the organisation during the 2 years would be continued post the project period and further improve the innovation culture within.

Both of the Host Company and the Participant found it difficult to integrate the innovation role into the everyday operation of the company without a clear long-term strategy and clear outcome.

6 Conclusions/recommendations

As part of the Insights to Drive Food Value Chain Innovation & Growth project, the support and participation of Harvey Beef indicated the industry and individual operations have realised to

improve long term competitiveness in of the industry, especially in the export market, innovation and value chain design would be the leverage to improve overall profitability.

Through its participation, the company was able to understand its export target market and consumer better for its future development. The project also contributed to various other initiatives build capacity in the organisation for operation optimisation.

Based on the result of the Project, Harvey Beef and the participant make the following recommendation for future similar endeavours:

- For future similar endeavours, it is recommended the candidate could be chosen within the organisation with existing stakes in the business. This model could help the learned knowledge and developed capacity better integrated into the host company.
- Various elements covered by the residential could be set up as shorter springs and be made available to management team of the company with a narrower focus.

7 Key messages

The design led market and product development are not completely new to the industry, but it had provided to be difficult to be incorporated into business practice and operation, especially at the primary end of the production: the production cycle are long and market condition changes rapidly due to not just economic factors but also political influence and natural conditions. Volatile risk profile for the industry and continued large capital requirement makes market orientated operation model difficult to be implemented.

Without proper understanding of one's market and consumer inhabit a business's ability to grow sustainably; same applies to its value chain design and integration. This is evident in Australian red meat industry's foray into China's premium market: various producers have tried to crack the lucrative segment of the market but have failed to make significant impact. In most cases the product on offer has not been the issue, rather the level of competition from alternative supplier and product on the market on price, convenient and accessibility.