



# final report

Project code: P.PIP.5000; P.PIP.0367; P.PIP.0368 & P.PIP.0500

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## **JBS2 Collaborative Innovation Strategies Partnership program Stage 2**

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## Abstract

JBS Australia and Meat & Livestock Australia (MLA) agreed to progress to Stage 2 of a Collaborative Innovation Strategy program (CISP) over a three year period commencing on 1 January 2013 (Refer to projects P.PIP.5000; P.PIP.0367 & P.PIP.0368). The Stage 2 plan was integrated into the company's overall business strategy and included measurable performance indicators which identify the contribution of innovation to the bottom line and achievement of key business objectives. Ultimately JBS's innovation strategy contributed to JBS' long-term competitiveness, sustainability and profitability. The outcomes of Stage 2 CISP were that the scope of the innovation strategy was significantly broader (than the previous CISP Stage 1) and included initiatives in the key business areas of:

- Operational efficiency (primary focus of Stage 1)
- Innovation resource planning and people development
- Sustainability (Environment)
- Feedlot/livestock
- Supply chain innovation (including areas such as eating quality; information management; supply chain alignment; through supply chain assurance)
- Marketing/product innovation - including integration between CISP and Co-marketing programs as appropriate (separate contractual arrangements are in place for the Co-marketing program)

During the three year period, a range of current and new strategy development and implementation activities were planned including (but were not limited to):

- Documentation of key objectives and innovation initiatives in each of the above key business areas
- Quantifiable innovation performance targets in each of the key business areas, including the development of baselines and measurement systems to monitor progress against planned objectives
- Development of an innovation skills and resources plan to build JBS' capability to effectively implement the innovation strategies
- Initiatives to support the cultural change required across the business to deliver against corporate innovation objectives

The JBS/MLA Collaborative Innovation Strategy program was jointly managed by the JBS and MLA steering group. This group was implemented to oversee the program and sign-off on annual plans and periodical go/no go reviews. The program provided support for two full-time JBS Innovation Managers (considered necessary to support the volume and complexity of R&D/innovation projects covering Stage 1 and Stage 2 of the program). JBS identified additional JBS and external personnel were required (JBS in-kind) to deliver the stated objectives as the program evolves.

The following report details the outcomes of the JBS CISP Stage 2 program with coverage of the following projects:

- P.PIP.5000 - JBS2 Collaborative Innovation Strategies Partnership program Stage 2
- P.PIP.0367 - JBS2.1 CISP Innovation Manager (Paul Wightman)
- P.PIP.0368 - JBS2.2 CISP Innovation Manager (Graham Treffone)
- P.PIP.0500 - Innovation Review of the JBS CISP Program with MLA

An independent review of the JBS CISP Stage 3 program with MLA was conducted by Greenleaf Enterprises (P.PIP.0500) in April 2016 to identify the effectiveness of the program in supporting development of innovation capability within JBS. The review involves both qualitative and quantitative analysis of benefit for JBS and Australian red meat value chains. The core focus for these milestones was to collect all relevant information and provide the key learnings from JBS & MLA's investment over the three years. The following summarises the milestone activities and provides a snapshot of the process involved with collecting all relevant information.

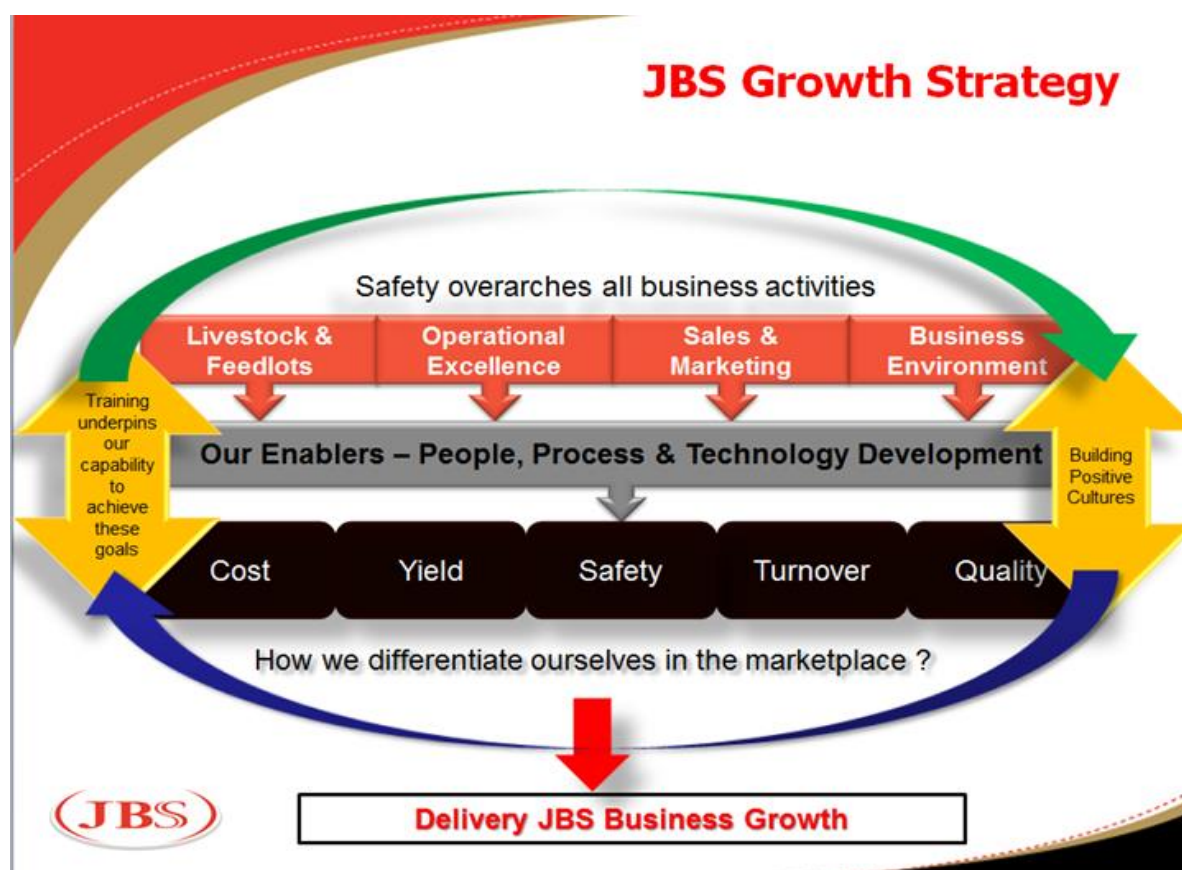
The correlation of results from R&D projects completed by JBS through the CISP Stages 1 & 2 programs was reviewed. The key learnings and economic benefits for these projects was compiled and correlated with the list provided from MLA. A sample of the reports reviewed, but not limited to, were:

- CISP Milestone reports
- CISP contracts
- R&D final reports
- Other supporting documents completed throughout the CISP program

The outcomes of the independent review were to identify JBS's innovation priorities and design of a proposed JBS CISP Stage 3 program.

## Executive Summary

In January 2013, MLA and JBS agreed to progress to Stage 2 of the Collaborative Innovation Program with an expanded focus to encompass the full range of JBS strategic business areas (see Diagram 1). The expanded JBS Stage 2 Collaborative Program was structured to incorporate the full range of JBS and MLA marketing, innovation and R&D activities. To establish strategic direction for the program, a joint JBS-MLA executive Steering Committee was formed and it was agreed that a more comprehensive program of activity be developed. The attached table (see Appendix) outlines priorities for additional collaborative initiatives and identifies key personnel from JBS and MLA who were deployed to develop detailed project outlines and budgets.



**Diagram 1:** JBS's Expanded Whole of Company Approach and key focus areas of CISP Stage 2.

Through the CISP Stage 2 program, JBS has made significant progress in development of R&D process, systems and skills and capabilities to implement their business improvement priorities. As a result, JBS is now beginning to implement a more integrated and systematic approach to innovation and evaluating ideas. A number of R&D opportunities have been identified and implemented in Stage 2 to enhance capability.

A third party independent study (P.PIP.0500) was initiated to evaluate the quantitative and qualitative impacts of the CISP Stage 2 program that MLA and JBS agreed to progress in 2013. There were primarily two aspects of this independent review:

1. Is JBS innovative? How is JBS innovative? What is JBS' unique way of innovating?
2. Is the CISP program effective in achieving its goals? Is it effective in supporting JBS to increase its rate of innovation? Does the CISP program support JBS' level and unique way of innovating?

In general JBS was found to be a highly innovative organisation with initiatives that are having a benefit to the greater good of the Australian red meat industry. Specifically, the key outcomes of the review were as follows:

### Key Messages

1. **JBS is a highly innovative organisation** and is **actively innovating in several areas** of the JBS business, including product, processing, sales and marketing innovation.
2. The **CISP program has achieved great outcomes** to the benefit of the greater meat industry. But there are missed opportunities under the current program structure. It is recommended CISP should continue in order to support the greater meat industry but with some modifications.
3. Within JBS, **the northern and southern businesses are very different** in many regards, including product range, approach, strategy, reporting, operations and culture. From JBS' general perspective, the business differences bring opportunities for innovation. From MLA's CISP perspective it is problematic - for example, although the northern business is very structured, the core business areas (Operations, Product and marketing development and Global sales) are not in tune with the corporate business strategy. MLA expects the CISP program to support the JBS business strategy, a thing that is hard to do with the core businesses divisions' actions not following strategy.
4. How can MLA more effectively support JBS to be innovative and to explore different innovative areas? MLA can support JBS in new ways to overcome the challenges with business strategies, focusing more on innovation doing rather than innovation thinking. MLA can support JBS with innovation attempts currently in progress, for example the producer adoption aspect of the DEXA / VBM project that impacts all aspects of JBS business from on-farm networks through processing and operations to sales and in-country consumer insights.
5. CISP program focus – the next stage of **CISP should focus on finding the right balance** between **doing things better**, **doing things differently** and **doing different things** that is most suitable for each JBS business. There is still scope to create new value by doing things better (as opposed to doing things differently or doing different things). Stages 1 and 2 have been gradually focusing more on people capability, showing that JBS is ready for such a different Stage 3. Innovation momentum can be increased further through targeted capability building programs - consequently improving employee innovation engagement across the larger business.

JBS's investment in innovation has been primarily concentrated in the area of Operational Excellence, with a substantial portion of funding going towards radical innovation initiatives. JBS is also developing a culture that is conducive to innovation, with good support from top management as well as business owners. JBS owner country is clearly sending the message that innovation is important by leading through examples.

JBS is also strongly focused on developing individual innovation capability as well as finding new ways to create connectivity between plants and with producers.

The outcomes of the independent review of the JBS CISP Stage 2 program will be used to inform JBS's future priorities and the required service delivery model and resourcing for a proposed Stage 3 program. Tentatively JBS has indicated key future priorities and projects across their expanded whole of business focus areas. A JBS CISP Stage 3 proposal is currently under development in consultation with MLA.

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# 1 Background

## 1.1 Collaborative Innovation Strategies Program

In September 2007, Meat & Livestock Australia (MLA) launched the Collaborative Innovation Strategies program (CISP). The program involves the co-development of comprehensive innovation strategies with individual enterprises which meet commercial imperatives in addition to focusing on the implementation of key industry and government innovation priorities. The CISP is a flexible enterprise innovation capability building program that is customised for large and small enterprises throughout the red meat value chain. Enterprise innovation capability within the context of this program is defined as the underlying capacities that enable a firm to be innovative on a sustained basis, rather than producing one-off product innovations from time to time.

Using a structured and collaborative process, MLA will partner with your company to develop a customised strategic innovation capability building program for a three to five year duration. The program can encompass the entire business (whole-of-enterprise program) or alternatively remain focused on a specific business area in which you identify a need to develop innovation capability (focussed program). The partner company can appoint an internal innovation manager, and/or can develop multiple resources to implement and sustain innovation initiatives.

To be effective the CISP will be aligned and integrated with your company's overall corporate strategy as presented in Figure 1, and will be integral in enabling your company to successfully achieve its business objectives.

## 1.2 JBS CISP Stage 2

JBS has been engaged with MLA in a Collaborative Innovation Program (CISP) over the past three years. One of the key outcomes of the program has been to develop and manage initiatives to build innovation capability within JBS's business operations. In January 2013, MLA and JBS agreed to progress to Stage 2 of the Collaborative Innovation Program with an expanded focus to encompass the full range of JBS strategic business areas. The expanded Collaborative Program will incorporate the full range of JBS and MLA marketing, innovation and R&D activities aligned with JBS's business growth strategy. To establish strategic direction for the program, a joint JBS-MLA executive Steering Committee was formed and it was subsequently agreed that a more comprehensive program of activity be developed. JBS's developed its business improvement priorities for additional collaborative initiatives and identified dedicated key personnel and work groups across its business and from MLA to manage priorities areas.

A revised relationship management and innovation resource structure (ie different from Stage 1) for both JBS and MLA will be required to be developed to manage the expanded program, and the role of the joint JBS/MLA Executive Steering Committee in providing strategic direction will be further defined. A requirement of the three year program which concludes in January 2016 is to report on the outcomes of the Stage 2 CISP and impacts and benefits to JBS business. While JBS and MLA have developed a benefit capture tool to help measure and capture the benefits of the program to help report periodically to JBS and MLA steering committee, the capture process is primarily focused on capture of quantitative cost benefits of projects undertaken as part of the business improvement. There is relatively limited data to support the social and benefits attributable to the CISP program.



### **1.3 Independent review (JBS CISP Stage 2)**

A third party independent study is proposed to evaluate the quantitative and qualitative impacts of the CISP stage 2 program. This project is intended to support the assessment of the Stage 2 CISP program's success by quantifying the effectiveness of the Innovation Manager (IM), dedicated work groups in the specified innovation focus areas and the company as a whole in developing a platform for innovation across the company. This project will gather evidence of the impact various activities initiated by the IM and specified innovation champions have had across the company including but not limited to the areas of operational performance, financial impact and skills and capability development to foster a culture of innovation. The results of the work will be used to evaluate the impacts of stage 2 of the program as well as provide recommendations for development of stage 3 innovation strategy. The outcomes of the project will be presented by JBS to MLA's Meat Donor Company in mid-December demonstrating the outcomes of the program over the past three years with a proposal of the program structure for a proposed stage 3.

## **2 Projective Objectives**

The overall objective for JBS during Stage 2 of the CISP was on building capability, strengthening innovation core competence and reducing reliance on MLA for strategic direction of innovation investments. This was driven by the program objectives, which included:

- The development and implementation of an integrated plan to build JBS' internal capability to support the execution of the JBS innovation strategy.
- The development, implementation and measurement of accurate innovation metrics.
- Participation in diagnostic tools and external interviews (as appropriate) to measure JBS' innovation capability and to monitor progress following completion of the CISP.
- Continued integration of innovation into business processes and systems to ensure innovation is sustainable and independent of key staff members.
- Continued development of innovation strengths, including idea generation (sourcing) and execution (application) of new ideas.
- Reducing JBS' reliance on MLA to drive innovation efforts.

## **3 Methodology**

### **3.1 Innovation Managers**

The primary focus of the JBS Innovation Manager role is the implementation of the agreed JBS/MLA Innovation Strategy across the JBS business. It is anticipated that this Innovation Manager will focus particularly on the JBS Northern Division and will also co-ordinate the operational efficiency and new technology areas of the Innovation Strategy.

The major activities to be undertaken by the full-time JBS Innovation Manager include:

- With the Steering Committee and commercial customers prepare a comprehensive JBS Innovation Strategy across the key business areas identified above (by May 2013).
- Develop an agreed suite of R&D/ innovation projects.
- Develop, monitor and report against key performance indicators and other measures of impact as agreed.

- Instigate and co-ordinate the generation of innovation ideas and filtering and feedback processes with a specific focus on the Northern Division and operational efficiency and processing technologies. Manage and monitor the JBS spread-sheet to manage expenditure and track benefits from outcomes generated from JBS R&D/innovation projects and activities.
- Participate in the development and implementation of a JBS innovation skills and resources plan.
- Support the co-ordination of site specific project teams by identifying the skills required for site based innovation teams.
- Participate in the development and implementation of cultural change initiatives required across the business to deliver against innovation objectives.
- External relationship management with research partners, research providers, equipment suppliers, processing sector and value adding sector as appropriate.
- Active participation in the MLA Innovation Managers Network.
- Participate in other innovation skills development activities as agreed.
- Prepare regular project reports and quarterly innovation reports.
- Assist in the preparation of the annual Innovation Health Check report.

The following activities were required to be undertaken by the JBS Innovation Manager during the three year program:

- 1) Manage existing collaborative R&D projects specifically in the area of new technologies and processing efficiency including providing technical support and administration within budgets and timelines.
- 2) Review and provide technical input into new R&D proposals by liaising with JBS operations, MLA, industry technical committees and service providers.
- 3) Review and develop a plan for priority R&D areas in bandsaw safety for beef and lamb processing as either JBS collaborative or industry funded projects.
- 4) Ongoing update of JBS R&D priorities using JBS projects spreadsheet to facilitate the planning of JBS's R&D expenditure from input provided across the company in the key focus areas of operations. This information will be used to establish objectives and potential projects areas within this component of Stage 2 of JBS Collaborative Innovation Strategies program.
- 5) Ongoing R&D audits and site visits to support ideas management systems under development by JBS. Visit all operations and provide ongoing support to collect and collate ideas that are unable to be managed on site.
- 6) Manage and monitor the JBS projects spread sheet to track benefits and value produced for all outcomes generated from all associated collaborative JBS R&D projects and activities.

### **3.2 Program Management**

The Collaborative Innovation Strategy program was overseen by a joint JBS/MLA Steering Group comprising of JBS and MLA senior management. The program provided support for

two JBS Innovation Managers (considered necessary to support the volume and complexity of R&D/innovation projects covering Stage 1 and Stage 2 of the program). JBS identified additional JBS and external personnel were required to deliver the stated objectives as the program evolves.

### **3.3 Independent Review**

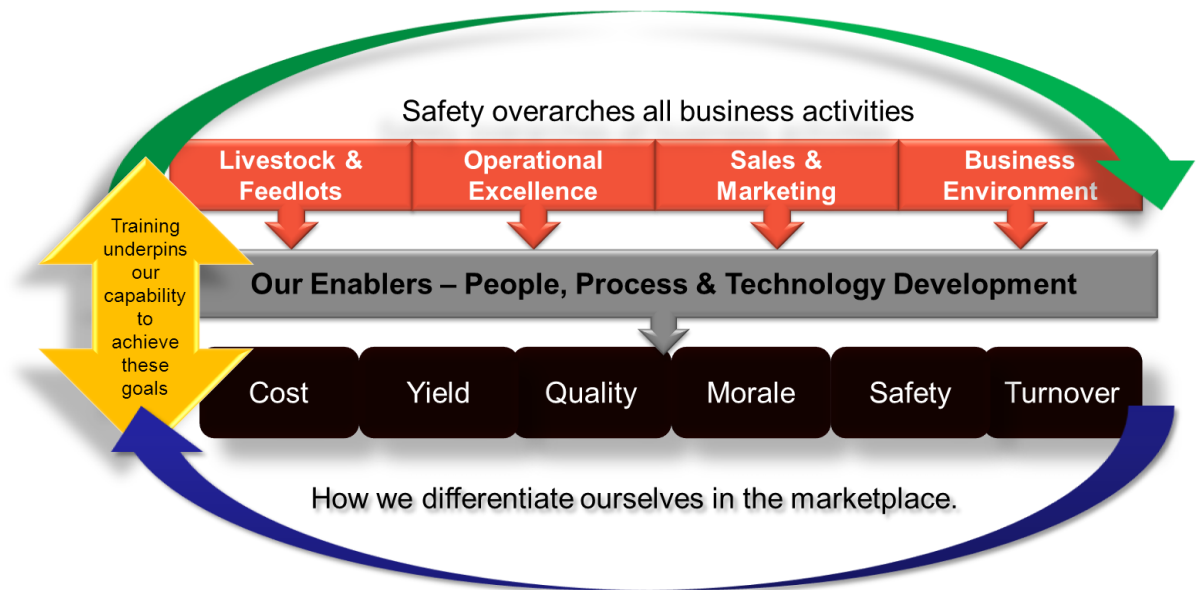
An independent review that was conducted by Greenleaf Enterprises gathered evidence of the impact that various activities initiated by the Innovation Managers and specified innovation champions have had across the company including but not limited to the areas of operational performance, financial impact and skills and capability development to foster a culture of innovation. An analysis of benefits achieved was consequently conducted based on this information. This addressed direct financial value as well as considering the non-tangible benefits in areas such as ideation, connectedness both internally and externally, alignment to strategic vision and performance feedback and other areas which both promote and deliver innovation. A survey was undertaken with JBS managers and MLA staff directly related to the program. This approach was undertaken in order to collate a broad range of views both within and external to the company and to uncover other less obvious insights around how the program has created new value.

## **4 Results**

### **4.1 JBS CISP Stage 2**

JBS in collaboration with MLA via the CISP Stage 2 program has demonstrated its eligibility and commitment in the following areas:

- Continuation of current CISP initiatives and projects including support for two JBS Innovation Managers and ongoing development of the JBS innovation system.
- Development of an innovation skills and resources plan to support delivery in these business priority areas.
- Continuation of MLA dedicated support and facilitation
- Detailed priorities and projects within each of the expanded JBS key business priority (depicted in diagram below)

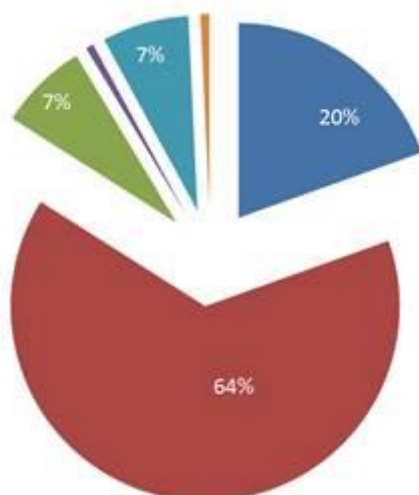


**Diagram 2:** JBS strategic business priorities and delivering its growth strategy through its people.

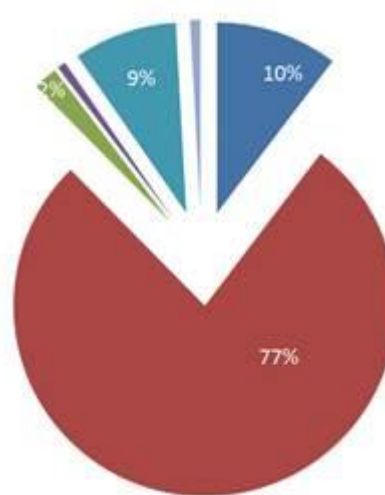
## 4.2 Projects

- To-date 60 projects in key areas of focus have included automation (labour and yield efficiencies); spray chilling; improved OHS; and environmental sustainability. Two internal Innovation Managers have been appointed.
- JBS expanded Collaborative Program incorporates the full range of JBS and MLA marketing, innovation and R&D activities working across JBS planned key focus areas (Refer to the below Pie chart; See Figure 1):

### JBS Northern



### JBS Southern



**Figure 1:** Breakup of R&D efforts for JBS Northern & Southern operations.

## 4.3 Independent review

### 4.3.1 Innovation review

An independent review of the JBS CISP with MLA has established the effectiveness of the program in supporting development of innovation capability within JBS. The review involves both qualitative and quantitative analysis of benefit for JBS and Australian red meat value chains. The core focus for these milestones was to collect all relevant information and provide the key learnings from JBS & MLA's investment over the past 3 years. The following summarises the milestone activities and provides a snapshot of the process involved with collecting all relevant information. Refer to Appendix for full independent report.

### 4.3.2 Review of Published innovation review

The correlation of results from R&D projects completed by JBS through the CISP 1 & 2 programs was reviewed. The key learnings and economic benefits for these projects was compiled and correlated with the list provided from MLA. A sample of the reports reviewed, but not limited to, were:

- CISP Milestone reports
- CISP contracts
- R&D final reports
- Other supporting documents completed throughout the CISP program

### 4.3.3 ROI Analysis

The total investment from JBS & MLA was compiled into JBS's 5 core business areas identified at the start of CISP 2. This demonstrated the breakdown investment completed during the 5 years. This data was then compared to the total benefits identified from published information providing the ROI obtained by industry during the last 3 years.

### 4.3.4 Survey Senior Managers

The review of published information identified the documented qualitative and qualitative benefits achieved throughout the program. The next stage of the project was to identify the innovative capacity of JBS's managers and staff. This was collected through face to face interviews including a meeting with the Southern Innovation manage in Melbourne; and surveys (survey questionnaire attached). The following are the key actions completed throughout the CISP program:

- Meeting with innovation managers
- Innovation survey sent out to key managers within the company
- Meetings with MLA's staff engaged with JBS

Due to the fact that the surveys were conducted close to Christmas, the response to date has been extremely low. The surveys not completed during these two milestones will be followed up through face to face meetings with the managers to obtain key details on their innovative culture.

#### 4.3.5 Classification of type of Innovation

All projects completed by JBS over the previous CISP period were classified into Continuous Improvement, Radical innovation and Incremental innovation. This gives some insight into the types of innovation processes being established within JBS and how they have focused their attention on creating new value. This information helped form up some of the survey questions and will support further discussions with managers in the next milestone.

In December, JBS Innovation managers met with MLA to present the outcomes of CISP 2. Greenleaf assisted in compiling this presentation (Greenleaf slides attached). The slides show a change in the way JBS is approaching development of new value and shows a maturing and more balanced approach to investment for innovation.

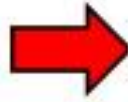
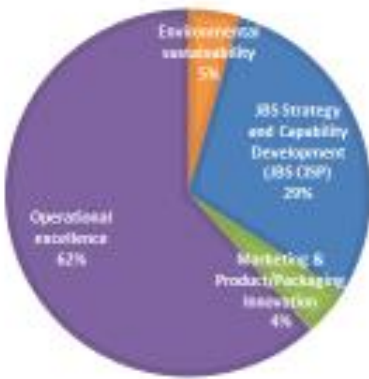
#### 4.3.6 Review

The next steps in this innovation review are to follow up with the survey recipients and innovation managers to finalise JBS's innovation overview. This will be used to compile a set of recommendations to be included in a JBS commercial in confidence report and an MLA final report.

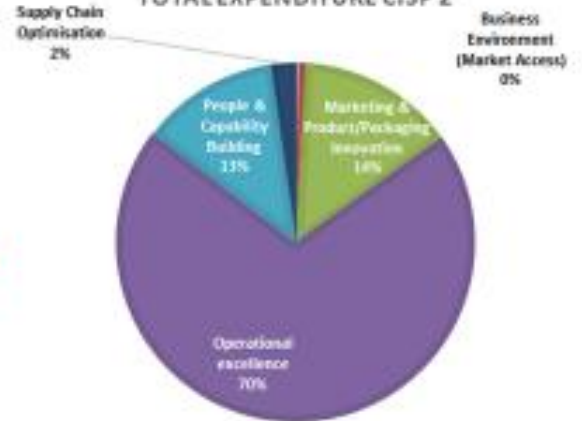
The independent review of JBS CISP Stage 2 focused on people capability and innovation priorities (ie projects). See Figures 2-4. Specifically the review identified:

- People focus aimed at the key low hanging fruit area of operational excellence (see Figure 2).
- Focus expanded on market innovation and begun people and capability building
- Supply chain optimisation and market access (now growing focus)
- There has been shift from “safe projects” which just improve to “radically changing the process”. Examples include the installation and commercialisation of the LEAP III & IV (see Figure 3).
- The Projects that have a spread more broadly across plants imbuing a broader awareness and greater sense of connectedness across the business (see Figure 4).

TOTAL EXPENDITURE CISP 1

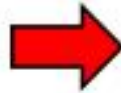
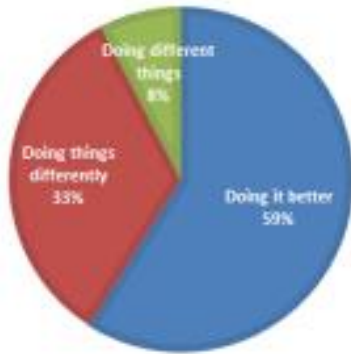


TOTAL EXPENDITURE CISP 2

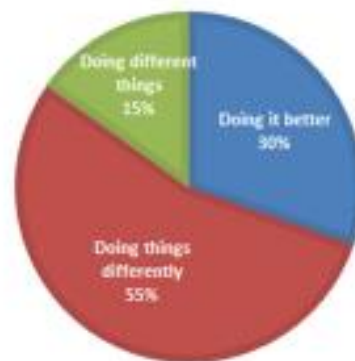


**Figure 2:** People focus observations from the JBS CISP 2 review.

TOTAL PROJECTS - CISP 1

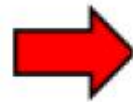
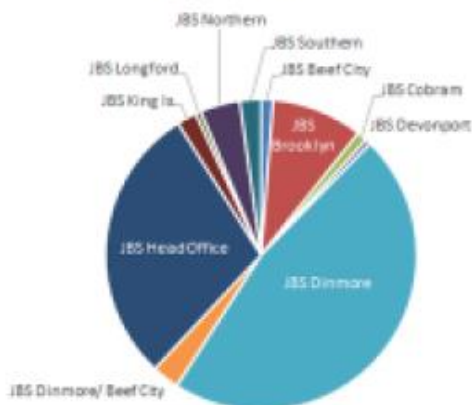


TOTAL PROJECTS - CISP 2

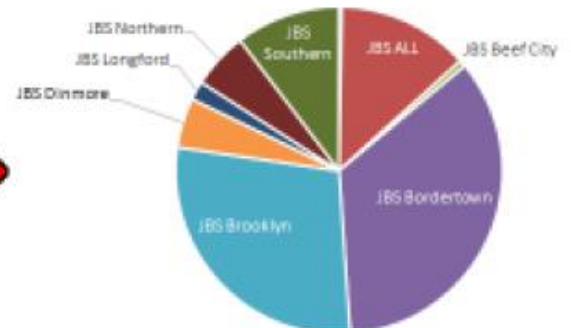


**Figure 3:** Outcome of the JBS CISP Stage 2 review demonstrating an enhanced focus on “Doing things differently”.

TOTAL EXPENDITURE - CISP 1



TOTAL EXPENDITURE - CISP 2



**Figure 4:** Outcome of the JBS CISP Stage 2 review demonstrating a broadening focus on projects with greater spread across the business.

## 5 Key Achievements (CISP Stage 2)

- A joint collaboration between MLA, JBS & Scotts, now lamb primal cutting at JBS Bordertown (project P.pip.0327) is fully operational providing significant OHS & labour savings.



*Robotic cutting technology installed at JBS' Bordertown plant.*

In June 2012, after considerable planning, JBS, in partnership with the Australian Meat Processing Corporation and Meat & Livestock Australia, entered into a project to install Scott's Leap III primal cutting system and a Leap IV middles processing system at its Bordertown abattoir.

Installation on the Leap III primal system began in June 2013 and was commissioned one month later,

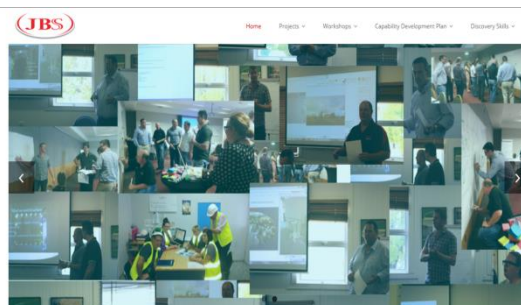
while installation on the Leap IV system began in December 2013 and was commissioned in February of this year.

See at:

<http://www.sheepcentral.com/news/robots-at-cutting-edge-in-jbs-bordertown-plant/>  
<http://www.beefcentral.com/processing/bordertown-robotics-technology-window-to-processings-future-video/>

Also see Feedback magazine article

- Launch of JBS pilot at producer forum attended by 2500 producer supplier. Australia's first uniform interactive online carcass feedback system for beef and lamb has been formally launched with tools to help correct non-compliance costing the industries more than \$100 million annually. The Livestock Data Link project was officially launched at JBS's Great Southern supplier forum in Melbourne in May 2015.
- Broadened awareness of JBS CISP Stage 2 with agreed "Whole of Company approach" with 7 key focus areas identified and assigned work groups for each improvement focus area. Projects, budgets & work schedules now managed by individual work groups.
- Innovation & leadership training completed and transfer of skills to more than 20 JBS senior and future leaders across the business resulting in JBS successfully adopting a minimum of two (2) improvement initiatives/systems (staff rotation, front line managers' induction, etc). Website created for internal interaction (open innovation) across the business.
- Alchemy project successfully proven to initiate and roll out wearing head protection and full body protection across the business. As a result, Alchemy in future to be used to facilitate large change management initiatives for JBS.





- Through the IDP program (p.pip.0432 - JBS Innovation Development Program), up to 14 future senior JBS leaders across Northern and Southern operations participated in IDP program with the outcome being three combined programs approved by JBS to be implemented across the business. Now staff rotation and induction frontline managers programs are being piloted to be rolled out across the business.
- A project now completed in lamb Frenching with benefit in yield is the McLaren Deboner now used in Southern lamb processing operations (pip.0320).
- Torras lifter now used successfully in Southern JBS operations (pip.0390) in a number of commercial applications in lifting, pulling and transferring product and not limited to benefits being provided in:
  - Beef quarter lifting (dock, load out and relocate from boning room to load out)
  - Whole lamb carcasses (several carcasses at once is possible)
  - Pulling beef knuckles, Aitchbone and large hind and forequarter cuts
  - Pulling aitch bone & knuckles during beef boning
  - Lifting fresh & frozen beef hind quarters in and out of freezer stillages
  - Lifting lamb carcasses (several lamb carcasses at once are possible)
  - Maintenance applications including motors, gear boxes, pumps and other standalone heavy lifting equipment applications
- JBS was the recipient of the Industry's Innovation award for a collaborative research project in beef processing using spray chilling.
- JBS producer forum day to launch producer feedback system (LDL pilot project) with 2500 JBS producers



JBS producer forum (May15)

- JBS's LDL feedback system launched
  - Carcase data is interpreted in terms of compliance to grid specifications, with the cost of non-compliance calculated for each animal

- LDL provides users with the ability to create their own customised grids, based on individual processor specifications.
- LDL analyses individual carcase performance against the selected grid, and calculates the cost of non-compliance for each trait. This is the 'opportunity cost' of not meeting the targeted specification, and is calculated based on the discounts that would be applied for falling outside the 'sweet spot' on the grid.
- LDL also reports on the total number of animals overspec and underspec for each trait, and provides an option for downloading carcase feedback information. Carcase feedback is linked to the individual NLIS Identification of each animal and includes the cost of non-compliance for each carcase trait.

## 6 Conclusions & Recommendations

The independent third party review (PIP.0500) review will identify areas or weaknesses in the program resulting in missed opportunity including recommendations on how to engage differently in the future for increased benefit to JBS and industry.

A proposal is currently under development for a proposed CISP Stage 3 with a Whole of Company approach involving a broader scope of JBS's value chain. A primary focus of the CISP Stage 3 will include producer engagement through feedback systems via optimised data capture and management across the business. An issue was identified that with finite R&D pip funds, large operational projects are dominating R&D budget and limiting other areas to undertake a full scope of R&D priorities. This issue with managing R&D pipeline ideas (with so much R&D activity across the business and need for a co-ordinated internal process to manage ideas in the pipeline) will need to be addressed in future Stages of the program. Therefore, it is proposed that JBS will have two dedicated Innovation Managers and resourcing consistent with the scope of work in JBS Northern and southern businesses.

## 7 Key Messages

### 7.1 JBS CISP Stage 2 Review Findings

The key findings of the independent review of the JBS CISP Stage 2 program were:

- JBS is a highly innovative organisation and is actively innovating in several areas of the JBS business, including product, processing, sales and marketing innovation.
- The CISP program has achieved great outcomes to the benefit of the greater meat industry. But there are missed opportunities under the current program structure. It is recommended CISP should continue in order to support the greater meat industry but with some modifications.

- Within JBS, the northern and southern businesses are very different in many regards, including product range, approach, strategy, reporting, operations and culture. From JBS' general perspective, the business differences bring opportunities for innovation. From MLA's CISP perspective it is problematic - for example, although the northern business is very structured, the core business areas (Operations, Product and marketing development and Global sales) are not in tune with the corporate business strategy. MLA expects the CISP program to support the JBS business strategy, a thing that is hard to do with the core businesses divisions' actions not following strategy.

## **7.2 JBS Innovation - Next Stage (Stage 3)**

The independent review identified the CISP Stage 3 program focus (i.e. the next stage of CISP) should focus on finding the right balance between “doing things better”, “doing things differently” and “doing different things” that is most suitable for each JBS business. There is still scope to create new value by doing things better (as opposed to doing things differently or doing different things). Stages 1 and 2 have been gradually focusing more on people capability, showing that JBS is ready for such a different Stage 3.

JBS priorities (identified by JBS) for the next stage (CISP Stage 3) were identified as:

- Continue looking for innovative solutions which can add value to the red meat industry without adding cost
- Strengthening internal R&D network within the JBS business
- Engaging new arms of the JBS business in to the JBS innovation strategy
- Developing whole of supply chain relationship with producers via new feedback mechanisms such as LDL, RFID, Objective Carcase Measurement (OCM) to improve paddock to plate outcomes
- Complete a complex analyses of carcase quality characteristics via DEXA / CT to establish LMY / SMY to capture sufficient data to enable confidence to build buying grids to reward producers and allow producers supply stock to fit the market and be rewarded for the effort.

Innovation momentum can be increased further through targeted capability building programs; consequently improving employee innovation engagement across the larger business.

## 8

## Appendix

### 8.1 Supporting Document – Related publications

The screenshot shows the Beef Central website with the article "Bordertown robotics technology a window to processing's future + VIDEOS" by Jon Condon, dated 27 November 2014. The article discusses the use of robotic devices in meat processing at JBS Australia's plant in South Australia. It mentions that robotics and automation are seen as a means to reduce costs, which are higher than in the US and Brazil. A video of the plant installation is mentioned, and a link to the video is provided. The website header includes navigation links for News, Beef 2015 Report, Features, Markets, Production, Lotfeeding, Live Export, Processing, Trade, Property, and About Us. The article is categorized under "Processing News".

**Bordertown robotics technology a window to processing's future + VIDEOS**

by Jon Condon, 27 November 2014

There's something unsettling about seeing a series of shiny, articulated, stainless steel robotic devices going about the normally labour-intensive business of processing livestock carcasses, without human intervention.

But that's exactly what's happening at JBS Australia's 8000-a-day Bordertown lamb plant in South Australia, where a jointly funded R&D project is providing a window into the future of meat processing in Australia.

Robotics and automation are increasingly being seen as a means by which Australian processing can fight back in its lack of competitiveness in processing/labour costs, often quoted as being at least 50 percent higher than those in the US, and perhaps double those in Brazil.

A short video of the Bordertown plant installation has now been seen by producers attending the recent LambEx conference in Adelaide, MLA's annual general meeting in Sydney, and again in Tasmania last week where JBS held a supplier awards night for its Great Southern farm assurance programs. Click on the Youtube link below to view. A second video will be added shortly.

[Bordertown Automated Lamb Processing](#)

The screenshot shows the Sheep Central website with the article "Robots at cutting edge in JBS' Bordertown plant" by James Nason, dated 16 July 2014. The article discusses the use of robotic arms in lamb processing at JBS Australia's plant in South Australia. It mentions that the robotic arms are used to slice lamb carcasses into high-value cuts with precision. The article also mentions that the technology was featured in a video shown at Australia's major sheep industry conference LambEx last week. The website header includes navigation links for News, Features, Markets, Lamb Production, Wool Production, Processing, Trade, Property, and About Us. The article is categorized under "LambEx News".

**Robots at cutting edge in JBS' Bordertown plant**

by James Nason, 16 July 2014

Gleaming robotic arms with spinning steel saws slice a lamb carcass into high-value cuts with swift, clinical precision.

Scenes of high-tech, mechanical agility which would not be out of place in the latest Transformers movie featured in a video shown at Australia's major sheep industry conference LambEx last week.

JBS innovation manager Graham Treffone explained how the company has successfully introduced robotic cutting technology into its processing chain at Bordertown in South Australia.

The innovation has been adopted for a number of reasons, including to improve workplace safety for employees, to increase accuracy and consistency and to maximise the yield of high value cuts, to reduce handling, improve food safety and