



# final report

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## **Vesco Foods Collaborative Innovation Strategy program case study**

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## Collaborative Innovation Strategy program

Meat & Livestock Australia (MLA) develops Collaborative Innovation Strategies throughout the Red Meat Value Chain with, but not limited to;

- Processors
- Value adders
- Pastoral companies
- Lot feeders
- Research providers
- Technology providers

Using a structure and tailored process for each client, MLA assists the partner to develop a comprehensive innovation strategy. The innovation strategy should be integrated into the companies overall business strategy and include measurable performance indicators which identify the contribution of innovation to the 'bottom line' and achievement of key business objectives. Ultimately the innovation strategy is expected to contribute to the enterprise's long-term profitability, competitiveness and sustainability.

<b>Vesco Foods Collaborative Innovation Strategy - key points</b>
<ul style="list-style-type: none"><li>• <b>A total of 60 new red meat products launched</b></li><li>• <b>Volume of red meat processed has tripled from the start of the collaboration</b></li><li>• <b>Extensive knowledge of red meat and the supply chain</b></li><li>• <b>33% improvement in processing efficiency</b></li><li>• <b>Shift to working predominantly with red meat over other protein sources</b></li><li>• <b>Industry recognized ability in production of red meat meals</b></li><li>• <b>Red meat is more viable to use for value adding</b></li><li>• <b>Red meat products are in demand</b></li><li>• <b>Customer focused Innovation is critical</b></li></ul>

## **Vesco Foods**

Vesco Foods joined MLA's Collaborative Innovation Strategy program in January 2008. Vesco Foods was looking to improve and expand their range of red meat products, however, they were lacking knowledge of red meat and its qualitative characteristics, prompting the collaboration with MLA.

### ***Company description***

Having traded for over 35 years as Kailis & France, Vesco Foods is one of Australia's largest food manufacturers, supplying frozen lasagna, meals and meal components as well as frozen soups and sauces to a wide customer base that includes all major retail chains as well as the food service sector and some export markets. Vesco Foods also act as a contract manufacturer for a number of major multinational food companies that do not have manufacturing facilities in Australia. With headquarters in Perth, Vesco Foods employs over 700 staff with its main frozen production facility based in Osborne Park, WA.

### ***Before collaboration with MLA***

In 2007, when Vesco Foods first began collaboration with MLA, their production predominantly used protein sources other than red meat. While Vesco Foods had previously worked with red meat, they encountered difficulties with producing an end product that met the requirements of customers and produced only 2 red meat value added products. Vesco Foods also faced issues with existing supplies of ingredients, technologies and internal processes and skills that were limiting their capacity to achieve their goal of producing quality red meat prepared meals that exceeded customer satisfaction.

## **Product development**

Prior to joining the MLA Collaborative Innovation Strategy program, Vesco Foods did not hold a significant share of the red meat value added product market in Australia.

Vesco Foods faced a number of barriers in expanding their range of red meat products including lack of in-house knowledge of red meat, issues with supply and specification, inappropriate technology and limited customer engagement.

At the end of the program with MLA, Vesco had developed and launched 60 new red meat products. This was an increase in beef volume use of 26%.

This increase in red meat product production was achieved by strategically addressing the areas that were preventing Vesco Foods from progressing in the red meat industry.

## **Capability development**

Placement of a trained butcher chef, with knowledge of red meat characteristics, within Vesco Foods through the Collaborative Innovation Strategy program was key to building capability within capability.

The position allowed knowledge to be built within the company and provided a champion for promoting the success and development of red meat value added products.

Presence of a butcher chef on staff also gave other members of the Product Development Team access to advice and knowledge on a daily basis.

## **Training**

At the start of the collaboration, Vesco Foods employed a number of chefs and food technologists to match client requirements in quality, costing and nutrition. While all their staff were talented and competent, none were from a red meat background or had any specific training and understanding of the unique qualitative characteristics of red meat. Therefore, the potential to increase the number of red meat products was limited.

Throughout the collaboration between MLA and Vesco Foods, MLA delivered training sessions for Vesco Foods staff in meat supply and meat processing. As knowledge of red meat and its potential increased, the number of innovative red meat products being produced also increased.

The training that was delivered also included understanding primal utilization and the use of secondary cuts to produce products that were of consistently high quality.

This training complemented the placement of a trained butcher chef within the company and allowed Vesco Foods to retain knowledge. Increasing the knowledge of red meat characteristics throughout the company not only promotes innovation, it also prevents loss of capability should staff leave the company.

## **Supply**

One of the factors that prevented Vesco Foods pursuing red meat products was the issues they encountered in their supply chain. Lack of understanding of red meat meant that Vesco Foods were unable to develop specifications their suppliers could consistently meet, leading to inconsistent quality of the final product.

With training through MLA, Vesco Foods received greater understanding, not only of red meat but the whole supply chain. This helped them to establish relationships with their suppliers with detailed specifications that the supplier could meet.

The process of learning about the meat supply chain also highlighted to Vesco Foods that they can source their raw material from a variety of red meat suppliers to maximize the benefit and potential of each suppliers' niche markets and skills. It is evident through education that value adding operations can make considerable impact on red meat sales particularly around secondary cuts. The use of muscle specific cuts may revolutionize the way beef and lamb is sold. Vesco foods would support a primal utilisation program if offered to them as they are acutely aware of variations in muscle meat and the effects this has on the consistency of products.

## Technology

Using red meat to its maximum potential in value added products requires the use of some machinery and technology specific to the product specifications. A component of the Collaborative Innovation Strategy with MLA was for Vesco Foods to explore existing and potential technologies.

Several conventional technologies were identified as meeting the requirements of Vesco Foods and the new red meat products being developed. These included;

- A tenderising injector
- Mincers
- A vacuum tumbler
- Combi-steamers

Installation of these pieces of equipment resulted in a 33% improvement in processing efficiency equating to a saving of \$4/kg.

## Marketing

Establishing the market for new products is a key component of successfully securing market share. Throughout the Collaborative Innovation Strategy program Vesco foods identified a range of customer groups and developed products to suit their needs.

The products developed for the identified customer groups included;

- Large serve meals for customers with large appetites developed under a proprietary brand
- 'On-the-go' snacks and mini-lunches for mining site workers
- Meals for gastric band patients that meet strict nutritional requirements
- Retail and school meals for children
- Plated ready meals for slow cookers

## Review

Vesco Food and MLA collaborative Innovation program has been a resounding success. Solid growth in every aspect of the business from raw material purchase to production expertise and even happy customers can all be attributed to this outstanding program. Red meat production increased by 79% and forecasts predict further improvement on sales in 2011/12

Vesco foods now understand and have the capability to sustain ongoing R & D and have developed a culture for Innovation within the company. Training will now be an ongoing program in the pursuit of best practise and excellence in business