

High Value Food Frontiers: Portfolio Review & Dashboard Design

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High Value Food Frontiers: Portfolio Review & Dashboard Design

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Executive Summary

Building on the 5 year review evaluation “Developing New Products” report completed by Greenleaf Enterprises, MLA further engaged Greenleaf to provide a framework to enable MLA to better identify the technology platforms, new products, business models and potential markets in which to invest. A prototype model that supported the metric 3-5 value multiplier for raw materials in a value-adding activity was developed.

Replacing the “Developing New Products” portfolio is the “High Value Food Frontiers” (HVFF) strategy, which seeks to invest with participants in emerging process and packaging technologies that have potential to transform lower value red meat cuts into high value product formats at a target of 3-5 times the value of the original commodity base price.

Whilst the development of a functional prototype model became the main output of the project, strategic opportunities became evident in how to maximise the potential of the HVFF strategy. Several business development quadrants provided a useful lens through which to analyse the actions that must support the viability of the HVFF strategy and its related projects. Aligning to the overarching vision of achieving 3-5 times the value of commodity prices, pillars and themes emerged around forming deliberate links between consumer trends, emerging markets, technological development, business models and modes of delivery, and characteristics of projects through the lens of the Three Horizon framework and Design Led Innovation.

The prototype dashboard created for the HVFF demonstrates how a portfolio of projects may be viewed from a commercial, business model, markets and risk perspective, and how each project and its stakeholders may require capability support and development, depending on where their project sits within the design-led innovation maturity matrix.

Key recommendations include undertaking a resourcing strategy to enable further populating the model with accurate data from 2010; further developing the model with complete information to accurately define what the value creation/capture is across the portfolio of initiatives funded by industry levies and MDC co funds; creating an overarching HVFF strategy; creating financial year plans with mapped activities, resources and KPIs to support the strategy.

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1 Introduction

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2 Objectives

This project’s aim was to review the High Value Food Frontiers portfolio of work and create a framework through which projects, current and past, could be evaluated using a range of metrics.

Alignment to the overarching MLA strategic goals, Pillar 2 (market growth and diversification – Insights2Innovation) and Pillar 5 (building leadership capability in portfolio management of leading edge science and research – High Value Food Frontiers) was considered.

3 Dashboard Content

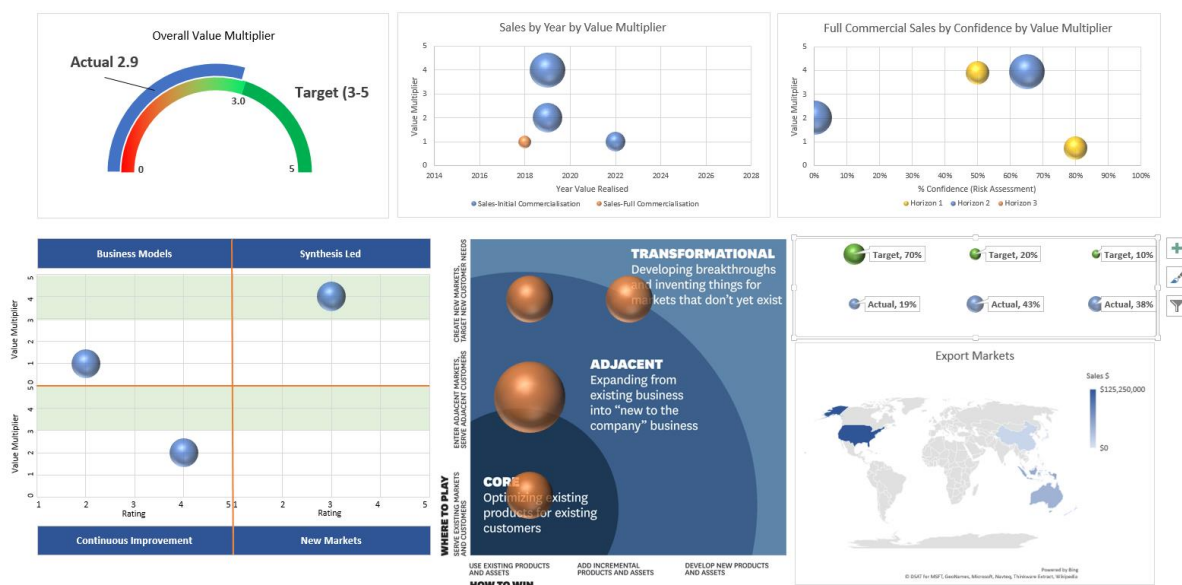


Figure 1: The Dashboard

Figure 1 above shows the dashboard content. This provides an overview of market analysis, business development stages of projects, and the individual and overall portfolio value multiplier.

In order for analysis to be meaningful, the data must be analysed through the lens of Design Led Innovation; that is, each project must at least consider the elements of desirability, viability and feasibility at a point in time, therefore giving it context to the way it is managed, communicated and executed within the HVFF portfolio.

3.1 Commercial Metrics

The top three indicators, “overall value multiplier”, “sales by year by value multiplier” and “full commercial sales by confidence by value multiplier” provide indications of the commercial metrics of both the overall portfolio and the individual projects. The target value multiplier can be compared against the current multiplier. This metric shows how much the value of a particular product has increased compared to its commoditized value as a result of value-adding. Development of the portfolio may consider value realised through other activities than product-focussed, including developing business models and services. These activities also need to consider the type of entity responsible and suited for that action. For example, an entity working on a technological solution may not focus on developing a delivery solution or new business model for the product or service; they will be focussing on providing a technological solution.

3.2 Project Characteristics and Development

The dashboard shows the business development of each project through the lens of a Design Led Innovation Maturity Model. Figure 2 shows how developed the project is from the

perspectives of business models, continuous improvement, architectural design and developing markets.

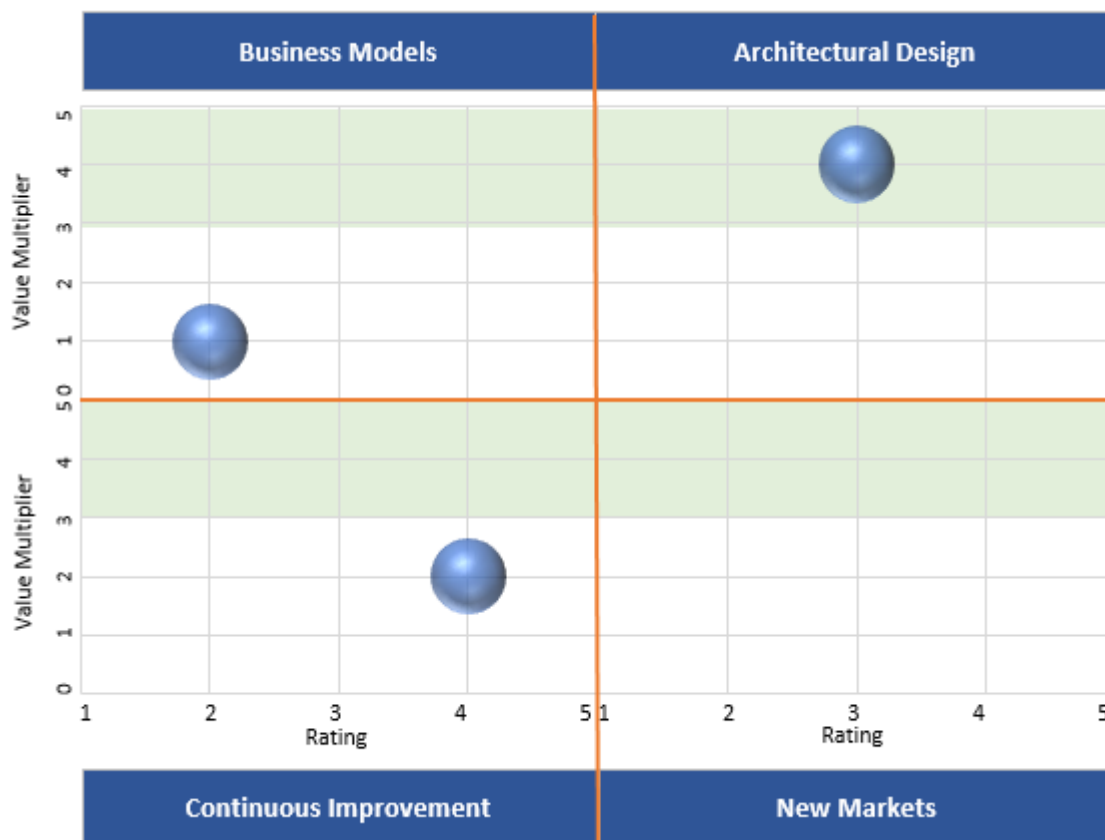


Figure 2: Design Led Innovation Maturity Model

The size of the bubble illustrates the growth of the project in terms of its value multiplier. As High Value Food Frontiers is an innovation portfolio, it is recommended that a percentage balance, similar to that modelled off a Real Options portfolio, is decided upon. The strategic aim is to move projects (including those that develop products, models and services) from the Continuous Improvement quadrant through to the other three quadrants. Projects may work in more than one quadrant; a product may be using new technologies and have considered, using appropriate design-led guidelines and strategy, the viable markets in which it may service.

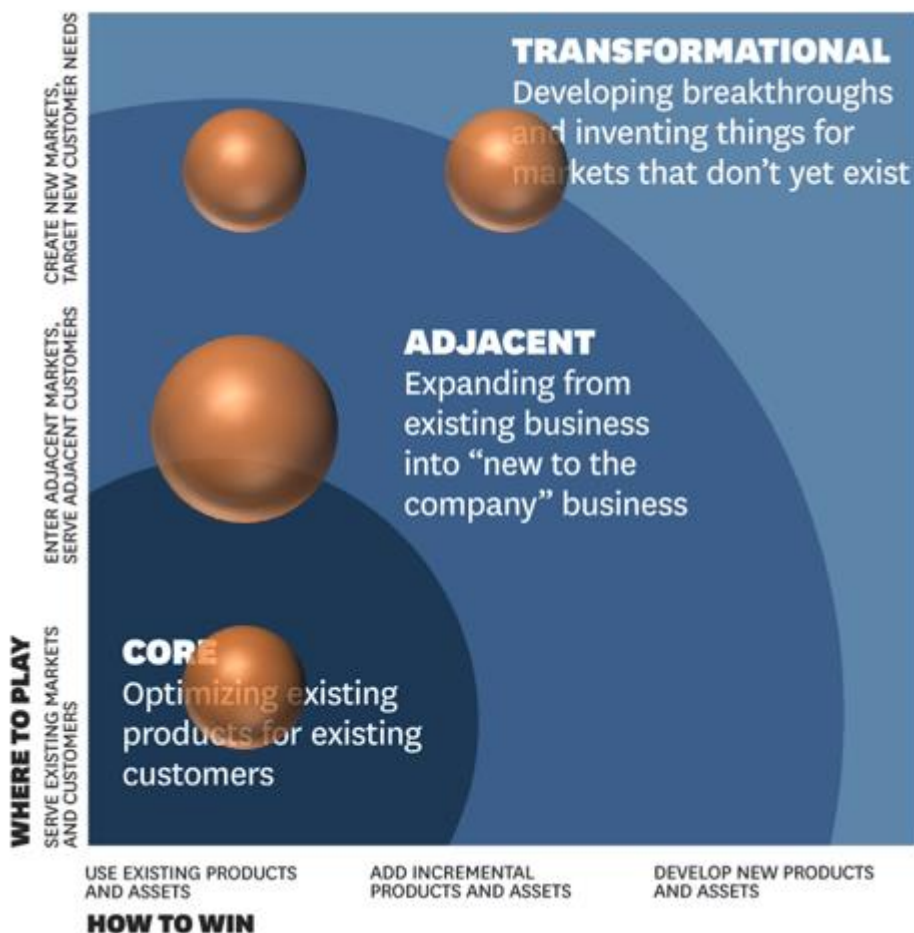


Figure 3: Project maturation through the lens of the Three Horizons Framework

Figure 3 shows how projects may be plotted in their maturity through the Three Horizons Framework. The balance of all projects in the three areas of core, adjacent and transformational must reflect the overarching HVFF strategy. For example, if the strategy of the HVFF program is to aggressively develop products and services with new markets and technologies, the dashboard would represent Figure 4 below.

- Assets or sub-businesses identified for acquisition
- Opportunities to integrate vertically to create competitive advantage
- Other industries identified in which our current skills fit
- Unique assets identified to create new businesses
- Relationships used to gain access to new businesses
- Other industries that converge on ours have been identified

These are guidelines and, as with all the information contained within the model, requires the right questions guided by the HVFF Strategy to be asked of the overall HVFF portfolio and individual projects.

3.3 Risk Assessment

A risk assessment of each project considers the risks in the following stages of the project:

1. Preliminary
2. Detailed
3. Development
4. Commercialisation

The stage-gate approach for new product development is a good guideline from which to build criteria for the development of products and services, and the likelihood of the success of each project after a particular activity. For example, the likelihood of a project progressing may increase after a desktop study of market information and consumer behaviours.

4 Recommendations

An overarching strategy and supporting annual plan outlining actions to further develop the High Value Food Frontiers portfolio is recommended. A resourcing plan is also recommended, considering internal and external resources required to support all initiatives, including identifying service providers, incumbent commercial organisations and other potential groups that may provide a service, develop a business model or develop and produce a product.

A significant body of work is required to develop an accurate baseline for projects from 2010. This includes inputting the following information in the database:

- Production cost
- Total cost/kg
- Value multiplier
- Initial commercialisation date
- Volume expected
- Total sales
- Full commercialisation date
- Volume expected during full commercialisation
- Cuts of meat in product
- Market destination
- Total cut cost
- MLA Industry funds
- MDC funds

- Total budget of project

Consideration must be given to the availability of this information and the time taken to input this information in order for the dashboard to be effective.

4.1 Strategic Alignment

Figure 6 displays a first draft of a strategy on a page. This is an example of how an overarching strategy, with supporting frameworks and tools, can more effectively drive projects depending on the direction required by the strategy. A more spearheaded approach is now available that informs not only the desirable, viable and feasible aspects of a project, but also the wider strategic imperative within the HVFF portfolio. Consideration now needs to be given to using such a document to inform a yearly plan that outlines the themes or pillars, groups or stakeholders engaged, and the metrics by which to measure success.

4.2 Next Steps

The tool, or model developed as part of this project is only as effective as the overarching strategy guiding it, and the accuracy of the information within it. Therefore, it is imperative that a 'next steps' plan include the following:

1. HVFF Strategy
2. HVFF Action Plan for the next 5 financial years
3. Resourcing plan to populate the model
4. Resourcing plan to execute HVFF portfolio
5. Additional support plans to manage risk, including Organisational Engagement Plan, Communications Plan and Industry Profiling.

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