



Final report

Stanbroke Co-Innovation Program Manager - Implementation of a High Value Product and Market Strategy

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Abstract

Stanbroke Beef and Meat & Livestock Australia agreed to progress a Collaborative (Value-adding) Co-innovation Program over a three year period commencing in July 2017. The program was designed to support the development and implementation of Stanbroke Beef's red meat high value growth strategies in both the domestic and global markets to be achieved via a range of innovative products, packaging, processes and new business model concepts. This programme was very successful for the business with a number of new business opportunities coming from the programme and Stanbroke has re-entered this programme in conjunction with MLA in November 2021, for 3 year extension, to further support the growth and development of the Value Add section of the business.

A range of new product and business growth activities are planned during the three-year period (but not limited to):

- Development of an NPD plan customised for Stanbroke that gives the business clear direction for future growth and the promotion of Australian beef starting with participation in MLA's category growth driver assessment.
- Implementation of a Thin Slice Beef programme for Stanbroke for both Domestic and International Customers.
- Introduction of a complete Wagyu Beef Retail Ready range into a Domestic supermarket chain.
- Development of a new packaging offering for Beef primal cuts produced at the Stanbroke Plant.
- Review of current Stanbroke systems incorporating the retention and upskilling of the labour force.
- Implementation of a live yield/production scheduling system to identify and improve process successes and failures within the business.
- Identifying any sustainability initiatives that can be implemented at Stanbroke to reduce carbon footprint.
- Product evaluations and testing
- Study tours of key international and domestic retail and food service markets of innovative products, processes, technologies, and packaging
- Facilitated workshops on technologies, processes and packaging involving suppliers and technical experts including attending the MLA network events.

Executive summary

Background

Stanbroke has been since its startup a boxed beef processing facility providing services to over 35 countries worldwide. Using our market access channels, a business decision was made to start producing commercial value added products as it was deemed current customers and new ones were looking for that point of difference as skilled workforces became harder to maintain and expensive to run.

Objectives

- *Staff retention is difficult in any industry, but Stanbroke has been successful in at least halving our staff turnover and retaining a skilled workforce to better service our customers and meet production demands.*
- *New product development through our Value Add room although has been a slower process while we enter into a new facility and commission the plant we have still managed to meet our objectives with Thin Slice, Wagyu Domestic Range and changing over 90% of our beef primal cuts into a new packaging solution that is beneficial to the business and puts us in line with other countries around the world.*
- *Introducing Stanbroke to the digital age is also a slow process with so many projects currently being completed however the base groundwork has been done for the digital platform to be introduced into the Value-Add facility early in 2025.*
- *New Product Development has in the past 5 months come leaps and bounds with new software implementation and a focus New Product list the business is using to prioritise new products being commercialised to market.*

Methodology

- *Key staff from Production and Sales set a meeting to discuss what were the important drivers to the business as a whole for the next 3 years.*
- *From this meeting the pillars that would best fit the drivers were identified and used.*

Results/key findings

- *Skilled, Stable and Happy Workforce*
- *New products in the Market with Stanbroke branding.*
- *Alternate packaging solution for Beef Primals.*
- *Currently 25 active New Products being developed at Stanbroke.*

Benefits to industry

- *Staff Retention which is a struggle for the industry and some insights on what worked for Stanbroke.*
- *An alternate solution for packaging of beef primals that has financial benefits and efficiencies to the business.*

- *Different product offerings that are working for Stanbroke can be adapted for other companies.*

Future research and recommendations

Stanbroke propose there continues to be a need for more research done to make the beef industry a more attractive job for the next generation coming through. There are many gateways for jobs that can last their entire career but at present it can be deemed somewhat unappealing.

Further research into value adding more of the beef carcass to gain increased value from more of the carcass and more access to what other countries are doing in way of technology for processing of beef would also help drive innovation capability development.

Table of contents

| | |
|--|-----------|
| Abstract | 2 |
| Executive summary | 3 |
| 1. Background | 6 |
| 2. Project Objectives and Outcomes | 6 |
| 2.1 Objectives | 6 |
| 3. Methodology | 6 |
| 3.1 Outcomes..... | 6 |
| 4. Results | 7 |
| 4.1 Outcomes..... | 7 |
| 4.1.1 Project 1 – People & Skill | 7 |
| 4.1.2 Project 2 – Products | 7 |
| 4.1.3 Project 3 – Digital & Data | 8 |
| 4.1.4 Project 4 – Customers & Markets | 8 |
| 5. Conclusion..... | 9 |
| 5.1 Key findings..... | 9 |
| 5.2 Benefits to industry | 10 |
| 6. Future research and recommendations | 10 |
| 1. Appendix | 11 |
| 1.1 Stanbroke Documents | 11 |
| 1.1.1 Stanbroke Co-Innovation Programme KPI's..... | 11 |
| 1.1.2 Stanbroke Strategy on Page..... | 12 |
| 1.1.3 Stanbroke Deep Dive into Priority Markets | 13 |

1. Background

From the beginning of this new phase of the Co-Innovation Program, Stanbroke and MLA wanted to have clear direction and targets to meet to deliver to Stanbroke the best outcome as well as justification for MLA's investment in the program. Stanbroke will implement the innovation strategy as agreed under the following key project pillars which come from our Strategy on a Page (Appendix 1).

- o People & Skills
- o Customers & Markets
- o Products
- o Operations – Up to date tools
- o Digital & Data

2. Project Objectives and Outcomes

2.1 Objectives

Develop and implement Collaborative Co Innovation Program, including submitting the following items to the Steering Group:

- Share required sales data with MLA to undertake the Category Growth Driver assessment for the business,
- Finalise stage 1 Innovation strategy detailing initiatives and KPI's under the project pillars,
- Develop key initiatives under the project pillars,
- Key performance indicators, measurement systems and baselines against the project pillars (including sustainability measures where relevant),
- First stage innovation skills development plan (development of innovation resource capability development plan),
- Develop a communication plan for the program,
- Finalise project data intellectual property and a data sharing agreement as required.

3. Methodology

A formal meeting between Stanbroke (Brendan Elliott, Mark Harris & Jim Friis) & MLA (Garry McAlister & Josh Whelan) to discuss where the business needs were and the intended direction that the co-innovation project was to head.

An introduction meeting to the Category Growth Driver between Stanbroke and MLA was held where the requirements were clarified for what was required by Stanbroke and the contract was drawn up for both parties to sign.

3.1 Outcomes

The objective of the first Milestone was to setup the Co-Innovation Project KPI's with both Stanbroke and MLA agreeing that targets were achievable and clear goals for the program were all captured (Our KPI's are summarised in Appendix 1).

The Co-Innovation Project KPI's have been completed and the historical information on where Stanbroke is at present time is being compiled and will be used as a base measure. (Refer to Appendix 1)

The start-up meeting for the Category Growth Driver study has been held and currently Stanbroke and MLA are transferring the relevant information between both parties to complete the study into how the business is currently standing and hopefully identify some areas we can target with future Milestones.

Matthew Zorzetto is leading the Stanbroke front in the cross over of information for the category growth driver and with his previous experience in the process, this should make the exercise a lot more accurate in delivering information that can be used for future projects.

The innovations strategy and priorities are summarised below under the 4 project pillars.

4. Results

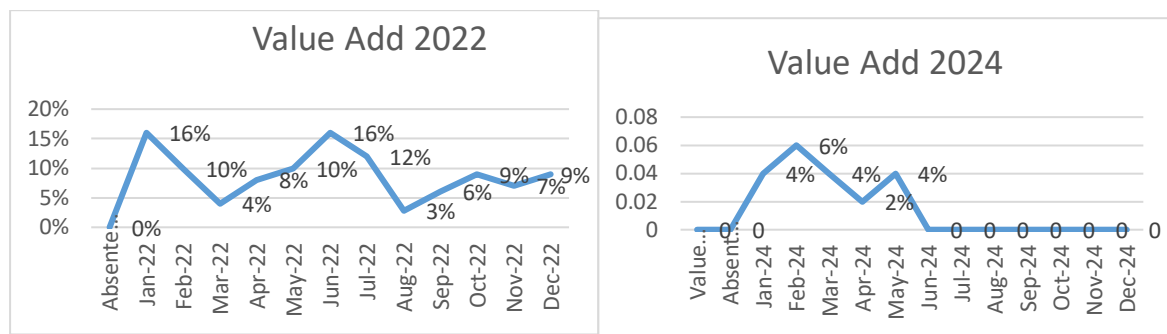
4.1 Outcomes

4.1.1 Project 1 – People & Skill

Summary - Review of the Stanbroke plant incorporating retention of staff and the upskilling of employees so we have a refined skills matrix for each department. This will also include a training programme created for new staff that would enable them to perform a variety of jobs.

Measure of Success - Reduction of staff turnover with Stanbroke. Clear improved Skills matrix across each department with a clear improved training programme implemented.

Final Result/Summary – Through a new Skills Matrix being implemented and upskilling of staff where a pay bracket increase is rewarded for staff learning multiple positions, the Value-Add area now has the lowest staff turnover in Stanbroke. From January 2022 to present we have seen turnover drop from 16% at its peak down to an average of 2.5% in 2024.



4.1.2 Project 2 – Products

Summary - Entry into the thin slice market with new product launch. Ranging a Wagyu range domestically in Australia which to this point isn't readily available. Venturing into the cook/chill product space for Stanbroke. Another major project which will be first in Australia is converting our

Boning room's product packaging over to be primarily a flex pack solution. This is very big over in European countries and will change the packaging landscape in Australia if successful moving away from the vacuum bags.

Measure of Success - A new customer base for Thin Slice beef for Stanbroke. A Wagyu product range available in the domestic supermarket space produced by Stanbroke. A cook/chill offering offered to the market from Stanbroke. A successful conversion of the boning room beef primals from vacuum bags to a flex/flex offering.

Final Result/Summary – In the domestic market - We now have a regular customer (Drakes) that we supply Diamantina Wagyu products: 3 x Retail Steaks, 1 x Retail Burger, 1 x Retail Mince & 1 x Retail Wagyu Tallow Jar. **(Figure 1)**

We also have 3 cooked ready to heat items in both Drakes and Harris Farms domestically. These products are Indian Masala, Beef Rendang & BBQ Glaze Ribs. **(Figure 2)**

Thin slice product we are now supplying to multiple markets in both domestic and export markets with the most popular product now being a Wagyu Sizzle Steak using a denuded Outside Flat cut to 7mm shingled into a skin pack. **(Figure 3)**

Our boning room facility has successfully migrated 90% of the beef cuts produced into thermoform packaging. This has been a huge undertaking with some of the major challenges due to our range of categories being packed from a 300-day Wagyu to our Organic cattle having vast differences in primal size and limited flexibility in pack sizes that thermoforms can offer. We have recently finalised all die sizes in the boning room to optimise the pack and ensure excessive plastic is not around the product across all the different categories. **(Figure 4)**

4.1.3 Project 3 – Digital & Data

Summary – Implementation of a live yield & daily production schedule system for the Value-Add department at Stanbroke. This will allow staff on floor to know the successes/failures of room as they happen and may give opportunity for improvement processes and ownership of the result to staff on floor.

Measure of Success - The system implemented in the Value-Add area with improvements to room results and processes clearly shown.

Final Result/Summary – Stanbroke has sourced a live data platform from many companies and have narrowed it down to one system that is used in other plants around Australia from OFS. After the Value-Add facility has completed the final production lines to be commissioned, this system will be trialled on a single line then rolled out to each of the 5 production lines in the Value-Add facility. This would not -have been possible if it wasn't for the networking meeting of the Co-Innovation programme where one of the colleagues at the network meeting was able to suggest OFS as a company capable of supplying the platform that we were chasing for data collection.

4.1.4 Project 4 – Customers & Markets

Summary - Formulate a new product development plan for the Value-Add area at Stanbroke that would generate the best growth to the Value-Add business. This would be generated and refined by

research into new machine research as well as customer research to identify- what their Value-Add product profiles are for their business to deliver the best growth for Stanbroke.

Measure of Success - A clear Stanbroke Value Add Roadmap of proposed new product ranges. This would include for example the finished product/s and everything that would have to be purchased/created to deliver the product to market (machinery/Ingredients/Process). This would enable Stanbroke to make the best business decisions around start-up of new products and where to focus.

Final Result/Summary – For new product development Stanbroke is now using the Asana platform to manage the multiple New Products in development. This allows all different sections of the organisation that makes up the New Product Development team to have a centralised platform that assigns tasks to key areas of business and product status updates. At present we have 25 active new products in development with many of them being new processes for the Value-Add facility.

5. Conclusion

Stanbroke has in the past 3 years performed some alterations/improvements to the business that is new to the Australian beef industry. Through alternate packaging for beef primals to further processing and utilising more of the carcass to offer different products in the market. At times the decisions were questioned but persisting to get the result the business is chasing through machinery suppliers and looking at trends overseas it can be accomplished. MLA also does a lot of research that is readily available that can assist in justification for projects and decisions.

5.1 Key findings

- Staff shortages across the entire industry can be counteracted with better staff engagement and training.
- Value Adding of Beef in Australia is the future for the industry as more and more skilled labour overseas gets harder to obtain. Customers are looking more at getting products that can go from carton directly onto shelf long as the supplier can offer a consistent product with good shelf-life.
- In the domestic market there is a void of high-end product like Wagyu that the consumer is looking for or sparks interest in them to try.
- Thermoform packaging for Beef Primals is possible but it is a process to ensure the machines are specified to accommodate the varying sizes of primals. Rewards for getting this right can be high in both dollar value and throughput/processing speeds.

5.2 Benefits to industry

- Staff retention is critical to beef processing facilities so the time and investment in building teams through training and upskilling and reducing the staff turnover rate has major implications in the success of the facility hitting their targets
- Value Add production for Australian Beef Export is increasing in demand as countries look to supply their customers in a similar model that major retailers in Australia are doing, where it comes ready to be put on a shelf, doesn't require skilled labour and is consistent in every store as it is produced in a central location that offers very good shelf life.
- Look at alternative packaging solutions for Beef processing that can provide cost benefits, efficiencies and increased throughput capabilities other than the packaging formats that have been used for several

6. Future research and recommendations

- Alternative packaging for beef primals is challenging in Australia as there were no clear alternative to the normal vacuum bag which is very beneficial to processing. Stanbroke has worked with machine suppliers to get to an acceptable point with an alternative packaging which suppliers will now be able to adopt into other facilities looking for something different that can benefit their business.
- Would like to see more Research and Development in Value-Add beef production outside of the current/normal offerings available now that can utilise more of the beef carcase in offering a Value Added product. Beef Tallow and Bone Broth are 2 examples of new products we have introduced into our process that utilise products that are generally underutilised.
- Better insight into equipment that is available globally for beef processing. Australia can be quite sheltered in what is available that can assist in automation of process and better throughput and efficiencies.

1. Appendix

1.1 Stanbroke Documents

1.1.1 Stanbroke Co-Innovation Programme KPI's

| Stanbroke Co-Innovation Program KPI's | | | | | | |
|---|--|--|--|--|---|--|
| KPI for the 3 year program are to be agreed on by the steering committee at the commencement meeting and monitored at the steering group meetings throughout the project. | | | | | | |
| KPI's | Measures (to be agreed) | Baseline Measure | Go/ no Go 1 | Go/ no Go 2 | Go/ no Go 3 | Final Report |
| 1. Financial - Return on Investment (ROI) comprised of; | | | | | | |
| Implementation of a Thin Slice Beef programme at Stanbroke either Domestically or Internationally. | A percentage increase of Thin Slice beef produced at Stanbroke as a saleable product. 1mt per week production of Thin Slice Beef within 6 months of implementation of process into the Value Add area. | Currently Stanbroke produces no Thin Slice Beef. Current Baseline=0 | Year to date currently Thin Slice is only making up 0.5% of total sales from the Value Add room. | No change to first Go/No Go for thin slice with machine still being commissioned. Sales do have multiple customers ready to start it once this is complete. | New TVI machine has been fully commissioned with all thin slice samples/trials already completed. Hopes within the next 2 months we will get sales volumes coming through. | 500kgs of Thin Slice being produced Weekly in the Value Add facility with new customers coming onboard will get to 1000kgs by the end of 2024. |
| Introduction of a complete Wagyu Value Add product range into the Domestic Market Supermarket chain produced at Stanbroke. | An established Branded Wagyu beef range on shelf in the Domestic Market within 6 months of implementation. | Currently no Wagyu is produced for a domestic supermarket chain. Current Baseline = 0. Monitor and track volume and value growth | Year to date currently Domestic Wagyu Range is making up 2.5% of total sales in the Value Add room. | Domestic Wagyu retail for steaks is making up 2.5% of total sales in the Value Add area however with the Wagyu burger product we have seen a 200% increase since implementation of product with it set to increase again with South Australia coming online as well. | Domestic Wagyu retail for steaks has dropped slightly in total sales with the VA room growth however orders are remaining constant and Wagyu Burger orders Domestically have increased again 50% since last time. | Stanbroke now has an established Retail Wagyu range in the domestic Market comprising of: 3 x Retail Steaks, 1 x Retail Burger, 1 x Retail Mince & 1 x Retail Wagyu Tallow Jar into Drakes Supermarkets and also Wagyu Tallow into multiple domestic retail customers. |
| Complete change of Boning Room packaging offering at Stanbroke from the normal Vacuum Bags to a Thermoformed packet. | Successful change at Stanbroke from Vacuum packaging to Thermoformed Packaging for Boning Room primals. | 35% cost saving in packaging as well as well as reduced plastic usage through reduction in reworks and packaging process. Baseline: Current Monthly spend on packaging: \$105K | Packaging Baseline would of changed with the increase of capacity in the boning room is running at now. Year to date per month if we were using vacuum bags spend would be around 350K. Using thermoform packaging this is sitting around 240K | Still tracking the same in boning room with packaging transitioned successfully to thermoform film. Next step in Q4 2023 and start of 2024 is to reduce UM on 2 large machines from 350um to 300um bottom web and for 2 small machines | Film UM has been reduced on packaging on the 4 Boning Room lines. Cost savings will be actuals on next stop/go. | Final thermoform dies have been installed and 90% of boning room cuts are now presented in thermoform vacuum packaging. |
| Increase of Value Add product range through new machines, updated packaging formats and new product lines. | Increase of weekly production volume in new Value Add facility to targets set at baseline measure. | Previous to new facility production was 25 tonne per week. For rest of 2023 target is 33 tonne per week and for 2024 target is 56 tonne per week | - | Currently sitting at average 38427kgs per week for the last weeks | Currently sitting at average 60 tonne per week | Have finished the first 12 months in the new Value Add facility with production up to 75 tonne per week. |

| 2. Social - Demonstrated evidence that the program investments have accelerated innovation adoption within the participants enterprises and value chains, including: | | | | | | |
|---|--|---|---|---|--|---|
| Review of current Stanbroke systems incorporating how best to retain and upskill employees to perform a variety of positions. | Baseline would be current monthly staff turnover and skills matrix vs after implementation of program turnover and skills matrix. | Staff Turnover Average: 6% Current Skills Matrix Separate Sheet | Staff Turnover Average: 5% | Staff Turnover Average: 5% | Staff Turnover Average: 4% | Staff Turnover in Value Add Average: 2.5% |
| Implementation of a live yield & daily production schedule system for the production staff to visually see successes and failures as they happen and identify improvements within the business. | Baseline would be current Yield Targets Vs New Yield Targets after implementation of the system. | Yield Target data to be supplied. Separate Sheet | System yet to be implemented. June/July Project | System yet to be implemented. Now a Qtr 4/Qtr 1 '24 project | System yet to be implemented. Working with OFS on this programme | System yet to be implemented. Working with OFS on this programme after completion of production lines in Value Add are completed. |
| Formulation of a New Product Development plan for the Stanbroke Value Add Area | 1.Participate in MLA category growth driver assessment to identify / reinforce new market/channel/ product opportunities and to confirm Stanbroke's USP 2.Conduct a deep dive of selected markets to build the business case for entering / expanding new segments and developing new products 3.Develop / update the NPD tracker / priority matrix for new products, use this to measure NPD performance 4.Develop a digital dashboard to measure operational and financial performance of NPD and launched product performance against business objectives. 5.Develop a packaging strategy to meet the business and market demands of the future, implement. | | | | | |
| 3. Environmental - Improvements in environmental sustainability attributed to the program. | | | | | | |
| The number of new sustainability initiatives undertaken or the inclusion of sustainability considerations in projects undertaken as part of the agreement. | Baseline set at start of the program. Measure is the number of sustainability initiatives attributed to the co-innovation program, and related metrics such as GHG emission reduction, waste reduction, saving in energy costs etc. | Reduced packaging | | | | |
| A measure of the Co-Innovation Manager's contribution to the following: | | | | | | |
| Partners achieve 80% of their documented innovation objectives with at least 80% activities first for industry and unique | Annual Program Survey (June) | | | | | |
| Demonstrate evidence of accelerated innovation adoption aligned with Attendance at MLA's network events. | Baseline set at start of the program. Measured as a % of the Attendance at network meetings | | | | | |
| Co-Innovation manager completes MLA's capability development program. | Completes MLA's Capability development modules. | | | | | |
| Periodic (6 monthly) program steering group review meetings conducted with all program partners | Biannual steering group meeting conducted | | | | | |
| Project management against milestones. | Project management against milestones. | | | | | |
| Quality of reports | Final & milestone reports submitted and approved. | | | | | |

1.1.2 Stanbroke Strategy on Page

Step 4-Strategy on a Page

Build out your Co-Innovation strategy on a page. Seek CEO / leadership group approval of the final draft and submit to MLA as part of your Co-innovation proposal.

| Stanbroke /MLA Partnership Strategy | | | | |
|--|---|---|---|--|
| Aspiration | | | | |
| How | | | | |
| People and skills | Customers and Markets | Products | Operations Up to date tools | Digital and Data |
| Proposed projects Utilising digital and engineering solutions, improve value-add team's working environment with focus on worker safety, training, and high-risk, new product areas (ie. Sous-vide and cook area). Use findings to improve working environment more broadly across Stanbroke operations. Training and upskilling of value-add workforce and Stanbroke Quality Assurance teams in new product lines and product categories (particularly Sous-vide and cooked). - Motivate and improve performance and efficiency of value-add production staff - Allow Brendan Elliott to develop and mentor the leadership potential of direct reports | Proposed projects Formulate value-add New Product Development Plan by actively pursuing and participating in food and value-add product and machinery exhibitions, participate in MLA Category Growth Drivers Analysis; working closely with Stanbroke sales team to visit market and meet with target end-users in order to understand their unique product, specification, packaging and flavour profile requirements Further to formulation of New Product Development Plan, leverage and utilise findings from Digital & Data Project in order to refine product offering and Stanbroke's Unique Selling Proposition (s) (USP) for proposed new value-add product range. Undertake deep dive of select markets, i.e. Saudi Arabia, Cambodia, Vietnam, | Proposed projects Develop new product ranges over four value-add categories for existing and new customers across domestic and international markets including: 1. Asian cutting; Thinslice 2. Sou-vide; Cooked products 3. Retail-ready Offal 4. Frozen retail-ready mince and burger products Review the business case for collecting offals for Nutraceuticals. | Proposed projects Lease and trial machinery for research, production yield data, customer sampling of new product lines with view to purchase for any new business developed as a result. Project will incorporate machinery research, staff training and data collection. Project focus will reflect "Products" project: 1. Asian cutting; Thinslice 2. Sou-vide; Cooked products 3. Retail-ready Offal 4. Frozen retail-ready mince and burger products Review the business case for verifying high value products in key markets / channels if required. | Proposed projects Create 'live' yield and production performance analytics via digital integration in value-add room, leveraging findings and progress on MLA Project #P.PSH.1294 Use data and digital technology to create the tools required for leadership to monitor and drive performance within the production team. Identify and research systems to reliably capture new and innovative value-added beef products across numerous key markets. This will ultimately result in a digital system that can identify what sells in these markets to inform NPD tracker / planner and create a priority matrix to identify the most valuable NPD opportunities. |

1.1.3 Stanbroke Deep Dive into Priority Markets

Stanbroke brands summary from the 'eye of consumer' and deep dive Priority Markets for consideration

| Stanbroke brands | Consumer association ✓ Key words correlating with brand attributes | Opportunity area | Priority Markets for Deep Dive |
|------------------|---|-------------------------------------|--|
| Grain | Australian beef with consistency & choice of 'fat' ✓ Everyday, family, wide occasions ✓ Health (low marbling), taste (high marbling) | (Drivers that cover everyday needs) | China 1 st SEA 2 nd |
| Angus | High quality breed, more marbling, everyday to premium ✓ Quality & taste ✓ Provenance ('Why Angus?') | Quality | Korea |
| Wagyu | Premium breed with reputation for the highest quality ✓ Unique, superior eating experience ✓ Sense of luxury, prestige and social experience | Superior quality | SEA |
| Flinders | Grassfed beef, free from chemical/additives ✓ Heathy and natural ✓ Good for me, good for planet | Natural and healthy | UK 1 st US 2 nd |
| Organic | 'Certified goodness', trusted origin and quality ✓ Growing children, ultimate health ✓ Ethical, sustainable | Sustainability and Trust | |



Figure 1



Figure 2



Figure 3



Figure 4