

Food Harvest 2020.

A vision for Irish agri-food and fisheries

Presenting

Pathways for Growth

Building Ireland's largest indigenous industry



Progress Update 3

May 2011 – May 2012

Growing the success of
Irish food & horticulture

Bord Bia
Irish Food Board

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www.bordbia.ie | www.origingreen.ie | www.foodworksireland.ie

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Pathways for Growth is available at

www.bordbia.ie/industryinfo/publications/bbreports/Pages/PathwaysforGrowth.aspx

Food Harvest 2020 is available at

www.agriculture.gov.ie/agri-foodindustry/foodharvest2020/

Pathways for Growth

Foreword by Simon Coveney, Minister for Agriculture, Food and the Marine

Since the launch of Food Harvest 2020, the Irish agri-food industry has made significant commitments to development and expansion around the principles of sustainability and scale.

Our goal is to grow through applying our great strengths as food producers and as agile players in a competitive marketplace. In circumstances of rising energy costs and a cooling in key commodity prices following two years of strong growth, the value of the *Pathways for Growth* programme as a contributor to achieving the ambitious growth targets in *Food Harvest 2020* has never been clearer.

In the last two years, the Irish food industry witnessed significant and welcome export growth, with a remarkable 25% increase recorded over the two year period to the end of 2011. This has been widely seen as evidence of the new opportunity for our industry at the heart of the Irish economy. The enormous spin-off benefits of a resilient food industry for local communities across Ireland, arguably more so than for any other sector of industry, are also increasingly recognised. Externally, volatility in commodity prices remains a fact of life, even where global population growth trends point resolutely in our favour. Our longer-term response is therefore to position the industry in a premium space, earning returns that can be justified through a verified commitment to quality and sustainability.

OVER THE LAST TWO YEARS, THE IRISH FOOD INDUSTRY ENJOYED A SUSTAINED RETURN TO EXPORT GROWTH, WITH DOUBLE DIGIT EXPANSION RECORDED IN THE YEARS 2010 AND 2011.

The focus of my Department and my own priority in office – is to create the context in which the industry can achieve these goals, through the framework of *Food Harvest 2020* and the *Pathways for Growth* programme. Our core objectives are

- to be recognised globally as a trusted source of high quality, high value foods;
- to develop a culture in which dynamism and innovation can flourish, and
- to deliver growth through sustainable production.

Real progress has marked the development of the *Pathways for Growth* agenda over the last 12 months, not least in the endorsement of the “co-opetition” approach by many companies seeking innovative ways to grow their businesses. This has set an agenda for accelerated progress in the coming year.

This is an industry of which we can be justifiably proud.



Simon Coveney

Minister for Agriculture, Food and the Marine

Section 1

Year 2 Report

Mary Shelman

Director of Agribusiness Program
Harvard Business School

Two years ago David Bell and I were engaged by Bord Bia to conduct a high-level assessment of the Irish food and drink industry with the objective of identifying new export opportunities. Our results were presented in *Pathways for Growth: Building Ireland's largest indigenous industry* and key elements were incorporated into *Food Harvest 2020*. There have been many changes in Ireland and in the world since our original report. The purpose of this paper is to re-assess the validity of the *Pathways* vision, identify any mid-course corrections that might be warranted, review progress against *Pathways* recommendations, and identify next steps in the journey.



Pathways for Growth

A Summary

Overall we were optimistic about the prospects for the Irish food and drink sector given its natural resources, agricultural heritage, reputation as a reliable supplier, and proximity to a large and wealthy European market.

However, we identified three fundamental challenges—fragmentation, lack of consumer orientation, and low confidence in the future—that had to be addressed in order for Ireland to increase its share of the growing global market for high quality, natural, and safe food. We laid out aspects of a solution, which included:

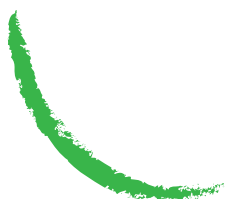
- Cooperation instead of competition
- Innovation leading to differentiation
- Brands built around customer feedback

WE DESCRIBED ONE POSSIBLE VISION, WHICH WE CALLED “COME SEE US”, THAT WAS BASED ON IRELAND (COMPANIES, FARMERS AND FARMER GROUPS, GOVERNMENT, AGENCIES, UNIVERSITIES...) ADOPTING A STRATEGY OF DEVELOPING A WORLD-CLASS AGRICULTURAL INDUSTRY BY 2016.

In addition, we asserted that Ireland needed a unified and ambitious vision to inspire change and re-invigorate passion in the sector. We described one possible vision, which we called “Come See Us”, that was based on Ireland (companies, farmers and farmer groups, government, agencies, universities...) adopting a strategy of developing a world-class agricultural industry by 2016. To achieve this, tough national standards would be defined to allow Ireland to make the claim “we are natural and we can prove it,” and farmers and firms would invest to meet them. The Irish food and drink industry would work as one to achieve export growth. The ultimate expression of this vision would be the creation of an umbrella brand for food and drink, which would be launched once all of the groundwork was in place.

Revisiting the Pathways Strategy: Still the Correct Course?

Two years into the Pathways journey, the precarious economic situation in Europe remains a drag on international markets, which are also concerned about slowing growth in China and India.



COMMODITY PRODUCERS HAVE RESPONDED TO STRONG PRICE SIGNALS BY INCREASING SUPPLY, AND IN TODAY'S SOFT DEMAND MARKET THE PRICES OF DAIRY, GRAINS, AND OILSEEDS HAVE PULLED BACK FROM A SECOND ROUND OF RECORD PEAKS IN 2011.

Around the world consumers have tightened their belts, reducing luxury purchases and focusing on value. Commodity producers have responded to strong price signals by increasing supply, and in today's soft demand market the prices of dairy, grains, and oilseeds have pulled back from a second round of record peaks in 2011. However, financial investors and all types of industry players continue to be drawn to the agriculture and food sector, seeing attractive long-term growth prospects, the presence of undervalued assets in some regions, possibilities for technology access and/or transfer, and opportunities for consolidation.

As international firms recognize that the best growth opportunities are outside of historic markets, they are repositioning assets and talent to be where the action is: Kraft's split into two companies is to support the growth of its global snacks business, particularly in China; Fonterra revised its strategy and realigned its management structure to place more emphasis on emerging markets. Importantly, companies are feeling more confident in the economic prospects and stability of Africa. In July 2011, Nestlé announced that it would invest US\$1.4 billion by 2015 to increase African production capacity, with new plants or expansions in Kenya, Zimbabwe, Nigeria, Democratic Republic of Congo, Mozambique and Angola. In the last seven months, international commodities and food firm Olam—which has long and deep roots on the continent—acquired a biscuit and candy company and a dairy in Nigeria, opened a new wheat mill in Gabon and a new food processing plant in Cote d'Ivoire, and announced a US\$50 million investment into a greenfield fully integrated rice farm and milling facility in Nigeria in addition to their extensive investments in rubber and palm plantations. These leading edge firms are the weathervane for the industry; their actions suggest that Africa today is at a similar stage to China 20 years ago—with lots of opportunity ahead for those willing to be courageous, adaptable, and patient.

Other global trends gaining momentum over the last two years include:

Strengthening Supply Chains

Around the world we see evidence that firms of all types—from independent restaurants to national grocery retailers to global branded food companies—are thinking “farm-to-fork”. In China, Nestlé and Fonterra are building dairy farms; OSI (the largest supplier to top QSR chains) is integrating backwards into poultry and lettuce production. In India, Coca-Cola is partnering with Jain Irrigation to help 50,000 mango growers adopt modern agricultural techniques with a goal of doubling yields. In Ireland, McDonald’s front page newspaper ads and in-store signage turn local beef farmers into celebrities.

Adoption of a total supply chain view is being driven by a myriad of short-term and long-term factors. Firms are struggling to manage increased price volatility (one industry leader described the new agricultural environment as having a “smaller surge tank” to absorb variations in supply and demand), secure current and future supply, ensure food safety, create value through differentiated production approaches, and/or protect brand reputation (bad news spreads like wildfire in today’s digitally connected world).

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In addition, more companies are getting serious about sustainability (see the next section). Some are setting very high targets: in November 2010, Unilever announced its commitment to **sustainably source 100%** of its agricultural inputs by 2020. In order for manufacturers or retailers to meet their commitments, they must reach backwards into the supply chain to enlist partners; for example, Diageo depends on Glanbia for sustainably produced cream.

Sustainability: From Fashion to Staple

A nearly unanimous message from industry CEO’s is that sustainability has come of age. Western consumers, while not as vocal in their support as five years ago, expect it of the products they buy and from the retailers they buy from; in turn, these companies expect it of their suppliers. “It’s in the top three things that buyers want now, as important as food safety and price,” noted one executive. “Sustainability is the platform for the future,” said another.

However, an exact definition of sustainability has yet to be written. Measures are constantly evolving, with the early focus on carbon, energy, and waste expanding to include water, animal welfare, and fair labour practices. In addition, sustainability means different things to different people. To some European or American consumers, it means less intensive farming—even if that doesn’t lead to a lower carbon footprint. In contrast, Chinese households are less concerned about the environment or animal welfare and more focused on the benefits a product brings to their family, with “green” production linked to food safety, better health, and even superior academic performance.

Companies—or countries—that lead the way on sustainability have the opportunity to shape the definition and the standards (possibly in a way that favours their own firm or industry) and an opportunity to market a differentiated product; those that follow will be stuck with the costs of meeting standards set by others.

Today, most corporate/industry sustainability programs are focused on improving performance from the current baseline. In the future, we expect to see more comparisons between products or value chains (for instance, chicken versus beef) based on their ecological footprint, which could lead to shifts in diet.

Rise of the Engaged and Empowered Consumer

ENGAGED CONSUMERS EXPECT MORE OF THE PRODUCTS THEY BUY—AND THE COMPANIES THEY BUY FROM. THEY CARE HOW FOOD IS GROWN AND ANIMALS ARE RAISED.

For years, we've surprised many people by refusing to call organics a trend. To borrow an idea from our Harvard colleague Clay Christensen (author of *The Innovator's Dilemma* and several other titles on disruptive technology), people don't buy organic foods; they hire them to provide better health for their family and/or a better environment to live in. The growth of organics—and the overall interest in healthy green food—heralds an era where consumers worldwide are taking more control over what they eat.

Engaged consumers expect more of the products they buy—and the companies they buy from. They care how food is grown and animals are raised. They expect food companies to do the right thing and have a “social purpose” (if they do, they are okay with them making money at the same time¹). They demand authenticity and transparency and are quick to punish those who disappoint them (consider the recent “pink slime” furor in the US and consequent bankruptcy of BMI).

The role of brands has fundamentally changed in today's engaged and digitally connected world. Consumers no longer believe expensive advertising campaigns, trusting their online community more than mass media. A UK retail executive noted: “We don't manage our brands anymore; [our customers] manage them for us.” The best advice is not to hide, but this takes courage. In the US, pizza delivery company Domino's has adopted a policy of full transparency, airing TV ads showing focus group members criticizing the firm's pizza as part of the launch of an improved product and running a real-time feed of customer comments—both good and bad—on a huge electronic billboard in Times Square. Showing vulnerability, while extending an (authentic) invitation to “help us do better”, can turn bystanders into active supporters.

¹ According to Edelman, over the past five years there has been a dramatic acceptance of companies and brands doing well by doing good. In 2012, 76% of global consumers surveyed believed it is acceptable for brands to support good causes and make money at the same time—a 33% increase from 2008. When quality and price are equal, the most important factor influencing brand choice is Purpose. They are also more likely to recommend Purposeful brands to their friends. “goodpurpose 2012: Executive Summary,” www.purpose.edelman.com.

Global Champions

As far as we can discover, Ireland is still the only country with a comprehensive farm-to-fork vision and business plan for its agricultural and food sector designed to drive the growth of high-value exports. But other countries are beginning to wake up to the possibilities. A May 2012 KPMG report on New Zealand Agribusiness (www.kpmg.com/nz/aa2012) identified the development of a national primary industry strategy as the top agenda item. The national strategy “should encompass a vision for the wider industry and the necessary actions to implement it; as well as explore the need for an industry-wide brand or integrity mark.” (Other agenda items included the need to define baseline standards for sustainable production to ensure the country’s green claim, to create broad collaborations so that all parties along the value chain from producer to customer work together to meet customer needs, to tighten the link between agriculture and tourism, and to develop a pipeline of people with passion, vision and insight to take on governance roles in large, complex, global businesses.)

Some countries have backed the creation of global champions (i.e. firms with the scale necessary to go to market with power) and we expect to see the number grow. Fonterra—which now controls over one-third of the global dairy trade—is one example of what can be achieved through this model. Brazil’s JBS (2011 revenues €25 billion) is another. In July 2011 the Brazilian government gave final approval to the Brasil Foods (BRF) merger after two years of intense review. Although concerned about BRF’s dominant position in Brazilian supermarkets (over 55% share of both frozen and chilled processed foods), the government saw the overall economic benefits of supporting a firm large enough to build strong global brands. BRF now controls 9% of global meat exports with the goal to double sales in five years (to €22 billion). It is critical to note that governments do not create global champions by keeping others out (through protectionism) but by removing roadblocks to mergers and adopting policies that enhance global competitiveness.

The trends noted above reaffirm our confidence in the *Pathways* vision. The world wants the clean, green food (with verifiable credentials) that Ireland can supply. Business customers and retailers need strong supply chain partners to help them distinguish their offerings, meet their sustainability targets, and satisfy more demanding consumers. And to be most effective in a highly competitive international environment, Irish firms must work together to create differentiated offerings and go to market with power.

The Current State of the Irish Food and Drink Industry: Year Two Review

In the two years since *Pathways and Food Harvest 2020* were introduced, we have seen an extraordinary shift in attitudes and confidence in the Irish agricultural and food sector.

Businesses, policymakers and public agencies have come together around the *Food Harvest 2020* targets, using the *Pathways* recommendations as a roadmap for growth. There is a strong sense of optimism about industry prospects and the vision passionately championed by Minister Coveney. Firms have increased their focus on customers and markets; several are investing in new facilities and adding people both in Ireland and abroad. Relationships between farmers and processors have improved. Some of the most encouraging news is that Irish farmers are “getting younger” and that agricultural training courses are “jammed,” evidence of an alignment of values between the positive things that farmers do and what young people want that will ultimately lead to a step-change in capabilities.

The word “co-opetition” has been added to the Irish vocabulary: in a recent survey of small Irish food businesses, 90% of respondents knew what the term meant and today more than 110 companies are formally engaged in co-opetition discussions. New programs have been introduced to stimulate innovation, encourage entrepreneurship, share customer knowledge and relationships between companies, and support the development of talent. Work on an Irish food brand and accompanying standards continues.

Evidence of a clear, ambitious plan and a 25% growth in food and drink exports over the last two years (although partially a result of a general lift in prices) have created a beacon of hope for Irish citizens and helped improve Ireland's reputation around the world. The image of Irish agriculture was further enhanced in Ireland and in international markets by the visit of Chinese Vice President Xi to a local dairy farm in March. With so much riding on the sector's success, government and business leaders now speak of the challenge of managing expectations rather than fighting for survival.

Yet there is still much work to be done to ensure that Ireland achieves its *Pathways* vision. Although there are encouraging signs of progress, the dairy sustainability and quality assurance program is just getting off the ground and there is still significant potential for companies to use co-opetition as a strategic option to address scale issues. While customers acknowledge the strong production capabilities of Irish firms, they note there is still room for improvement in market understanding, depth of category knowledge, and innovation.

WITH SO MUCH RIDING ON THE SECTOR'S SUCCESS, GOVERNMENT AND BUSINESS LEADERS NOW SPEAK OF THE CHALLENGE OF MANAGING EXPECTATIONS RATHER THAN FIGHTING FOR SURVIVAL.

Driving for Continuous Improvement

The positive results achieved so far create a strong platform to build upon. The industry's challenge is to use the existing momentum and push ahead with a sense of urgency. In order to provide new insights into how this might be achieved, I interviewed Irish industry leaders and several current and potential customers around the world in order to gain a deeper understanding of what customers want and expect of their suppliers in this dynamic market. Several points stood out from these conversations:

1. Relevance is more important than difference.

Customers of all types (from food companies to retailers to restaurants/QSR chains) need strong supply chain partners with demonstrable “green” credentials. Customers also expect Irish suppliers to understand local needs and develop offerings adapted to their local market. Retailers in particular are anxious for products and tools that can drive category growth and help them differentiate their stores from their competitors (a good example is the home-baking range featuring “semi-made” products that Kerry developed for Tesco). An emerging opportunity/challenge for retail suppliers of branded goods and own labels is the move away from huge stores and suburban locations (drivers of this change include high fuel prices and the loss of some categories to alternate channels, such as internet shopping). Less floor space will mean that fewer SKUs can be stocked. For city shoppers without cars, smaller package size may be more convenient.

Irish firms must continue to deepen their knowledge of local markets in order to design and deliver relevant offerings. To be successful at this, companies must have the best talent in the right place. Increasing a firm's ethnic and geographic diversity (along with gender diversity) at all levels of the organization will bring in important new inputs. Business leaders must model an inclusive global approach, encouraging the sharing of ideas and best practices across business units and travelling frequently.

IRISH FIRMS MUST CONTINUE TO DEEPEN THEIR KNOWLEDGE OF LOCAL MARKETS IN ORDER TO DESIGN AND DELIVER RELEVANT OFFERINGS.



2. Need is more important than want.

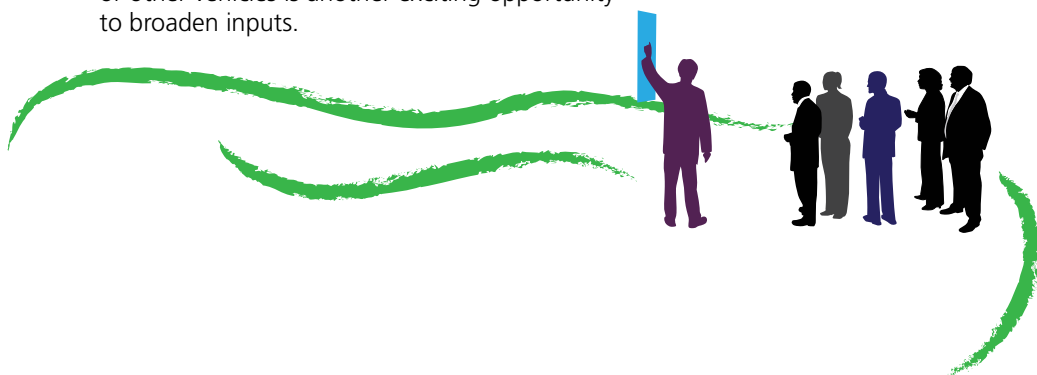
It's tempting to focus on large markets and customers, or consumers in the top income bracket. However, the better targets are those who place the highest value on the product you are selling. Some of the most engaged consumers can be found in countries where food safety is suspect or shopping budgets are the most constrained. Chinese parents are willing to travel to Hong Kong—or to New Zealand—to buy safe infant formula. In poor countries like many in Africa, mothers carefully consider every purchase and may be willing to pay a higher premium than a wealthier consumer (who has a wider array of choices and can afford to throw out something that they don't like) for a product that has superior benefits for their family or that they can trust.

Given Ireland's potential for high quality supply and limited production, it is essential to properly assess and prioritize opportunities. The Irish food industry needs a long-term plan for market development that will provide a roadmap for resource allocation. The marketing of scarcity can—and should—be used to Ireland's advantage.

3. Relentless innovation on multiple dimensions.

While investment in basic science and new product development is essential, there are many innovative ideas that don't begin in a lab. Fonterra has developed a revolutionary electronic auction system that allows dairy products to be efficiently sold to large and small customers around the world. Irish Distillers' new "Green Spot" brand is based on a hundred-year-old industry tradition. The bi-annual Marketplace International organized by Bord Bia borrows the concept of "speed dating" to connect buyers and sellers.

Broadening the definition of innovation will provide the Irish food industry with new avenues for growth. Ideas can be sourced through normal research or through creative approaches such as social media. Opening innovation up to students through contests or other vehicles is another exciting opportunity to broaden inputs.



4. Really sell Ireland.

The Irish food industry is in a great starting spot when it comes to branding. Customers and consumers around the world immediately connect Ireland with the colour green. Many value the country's long, rich history and unique cultural identity (these elements are especially revered in China). Some understand Ireland's heritage as an agricultural producer. What has been missing is a strong tie between Ireland and sustainable food production. The launch of Origin Green will provide the platform to complete this.

However, there are no shortcuts in building a reputation. Full adoption and verifiable proof, along with complete transparency, will be required to convince those skeptical of yet another "green" claim. Sustainable production must begin on the farm and be rolled out across every location. To do this, Ireland must ignite a "movement" towards green with the goal to turn farmers—as well as every member of the agricultural community—into true believers. This will require a deliberate and extended campaign. In Finland, Pernod Ricard runs an extensive training program for local farmers, restaurants, bars, and hotels to communicate the Absolut story. This creates local brand advocates and ensures that the Absolut story is confidently told in an authentic and consistent fashion.

While the farm transformation process is underway, every available opportunity at home and abroad should be used to strengthen Ireland's brand recognition and connect it with food. The food industry should harness the numerous efforts that are underway to promote Ireland, including joining with Tourism Ireland, Culture Ireland, "The Gathering", and other activities.. Some paths are obvious (e.g., connecting with Bono, Riverdance, etc; leveraging the many visitors to Ireland each year); others will emerge from creative thinking.

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Mary Shelman

Director of Agribusiness Program

Harvard Business School

Section 2

Building Ireland's largest indigenous industry

Bord Bia's Progress Update 3
May 2011 – May 2012



Leaders in a global conversation

This is now the third occasion that Bord Bia has undertaken to report on our progress in Pathways for Growth, the five year multi-disciplinary development programme that has emerged from the 2010 report co-authored by Mary Shelman and David E Bell of Harvard Business School.

IN JUST TWO YEARS, PATHWAYS FOR GROWTH HAS SEEN A STRONG NEW SENSE OF PARTNERSHIP EMERGE BETWEEN BORD BIA AND INDUSTRY, AS WELL AS BETWEEN INDUSTRY PLAYERS ACROSS DIVERSE SECTORS.

Through *Pathways for Growth*, our aim is to facilitate the evolution of the Irish food and drink industry into a world-class resource, underpinned by sustainability in production and scale and efficiency in delivery. I am delighted to share a range of developments that confirm these goals are being achieved and that confidence in the programme is well justified.

Among many noteworthy signals of progress, the unveiling of the Origin Green sustainability development programme in June 2012 is worth singling out in particular. Sustainability is not an add-on to our industry, but central to it. We believe Ireland can become a leader in the global conversation that is taking place around sustainability. This is a conversation that, until now, has largely been led by global brand owners, businesses who rightly expect their suppliers to not only behave responsibly, but to step up to their responsibilities with enthusiasm. Through Origin Green, Ireland will show a clear and verifiable commitment to sustainable agriculture and food production, and uniquely do so on a national basis. Origin Green represents not just a commitment to the highest industry standards, but to the highest ethical standards – a shared conviction that we undertake these steps not just for competitive advantage but because they are the right thing to do. Buy-in at industry level is essential if this vision is to become a reality and I have no doubt that the fullest participation will be forthcoming.

The updates on our education and entrepreneurship programmes also affirm that we are an industry on the right track – continuing to recruit, develop and retain new talent and leadership within the industry. The launch of Food Works – Creating Global Food Entrepreneurs – adds an exciting new dimension to this. Through our research and co-opetition programmes, meanwhile, we are continuing to resource industry with leading-edge information and new opportunities to engage competitively in the market.

In just two years, *Pathways for Growth* has seen a strong new sense of partnership emerge between Bord Bia and industry, as well as between industry players across diverse sectors. It is this emerging sense of common purpose that, more than anything else, gives us the sense of an industry ready to engage with and make the most of the enormous opportunities that lie ahead.

Michael Carey

Chairman
Bord Bia

Aidan Cotter

CEO
Bord Bia

Pathways: Visibility

Since 2010, *Pathways for Growth* – Bord Bia's multi-disciplinary five-year development programme – has been a catalyst for change in the industry. Significant progress on all five workstreams over the last year has taken place, putting the programme to the fore in terms of the overall development of a sustainable high-value food and drink export industry.



Progress on the five workstreams:

1. Origin Green

With the launch of the Origin Green sustainability development programme, Bord Bia will work with industry to establish, verify and continually enhance the world-class sustainability credentials of the Irish food and drink industry.

VISIBILITY:

The target is for 75% of Irish food and drink exports to be supplied by companies committed to Origin Green by 2014, giving Ireland the most comprehensive and verifiable commitment to sustainability of any country of origin in the world.

2. Entrepreneurship

With the launch of Food Works, Bord Bia is offering mentoring and support to emerging Irish food entrepreneurs with global ambitions and scalable projects.

VISIBILITY:

With an envisaged 15 entrepreneurs entering the 'Begin your venture' phase of Food Works every year for the next three years, by the end of 2015, a pool of 45 dynamic start ups will be in play, of which some 20 may be expected to be high potential.



3. Education

A new generation of executive talent is winning business for the Irish food and drink industry through a three-tier education programme that creates opportunities from graduate to industry professional level.

VISIBILITY:

Tracking data from the first and second Marketing Fellowship programme indicates retention rates of over 75%, with the vast majority of those working in Irish-owned enterprises.

4. Innovation

The new Bord Bia Insight and Innovation Team is engaging with industry to ensure that awareness of consumer needs and behaviours guides every step of the marketing, branding and innovation process.

VISIBILITY:

Bord Bia is providing consumer perspectives that will underpin a new innovation culture across the industry, delivering sustainable growth through product improvements and extensions, competitive value propositions and meaningful innovation.

5. Co-opetition

Irish food and drink companies increasingly recognise the value of strategic engagement with each other to secure new markets, manage larger contracts and reduce overheads.

EARLY WINS:

Bord Bia is embedding a culture of co-opetition into its business development processes, recognising it as a behaviour that can allow Irish companies to address fragmentation and achieve scale competitively.

The five workstreams:

Origin Green

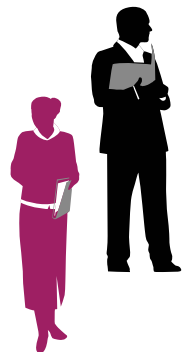
With the launch of the Origin Green sustainability development programme, Bord Bia will work with industry to establish, verify and continually enhance the world-class sustainability credentials of the Irish food and drink industry.

Our approach

Ireland enjoys a strong and enduring international reputation as a source of natural, high quality food, drink and ingredients.

Recent, separate research by both the European Commission and Bord Bia shows our dairy industry to have the lowest carbon footprint in Europe. However, a good beginning is only part of the journey. With the launch of Origin Green, the industry can now effectively begin to add proof and commitment to its sustainability claims, and provide the evidence that retailers and foodservice providers around the world are looking for.

At the heart of Origin Green is a sustainability charter that will commit participants to engage directly with the challenges of sustainability: reducing energy inputs, minimising their overall carbon footprint and lessening their impact on the environment. In doing so, industry will also increase its overall efficiency and competitiveness.



Our activities

The launch of Origin Green in June 2012 is a central element in the long-term positioning strategy for the Irish food and drink industry. With an explicit commitment to sustainability, Ireland can build a reputation for being a world leader in high-quality food production and become recognised by international retailers and foodservice providers who, virtually without exception, recognise sustainability as a key driver of their growth in the years ahead.

Nine Irish companies have already committed to signing up to Origin Green launched on 21 June, 2012. Our goal is to expand participation over the next two years, meaning that, by the end of 2014, over 75% of Irish food and drink exports will be supplied by companies publicly committed to rigorous sustainability targets.

The ultimate target will be for 100% participation, giving Ireland the most comprehensive commitment to sustainability of any country of origin in the world.

TO DATE, THIS IS THE ONLY SUCH PROGRAMME IN THE WORLD THAT OPERATES ON A NATIONAL BASIS AND THAT COMMITS TO ACTIVELY MEASURING AND REDUCING THE CARBON FOOTPRINT OF EACH PRODUCER.

Our progress

In 2011, Bord Bia introduced carbon footprint monitoring for all Bord Bia Quality Assured Beef farms. To date, this is the only such programme in the world that operates on a national basis and that commits to actively measuring and reducing the carbon footprint of each producer.

Similar programmes are now in active development across the entire range of primary production sectors. A pilot programme for the dairy industry was initiated in 2011 and a national scheme, equivalent to that operational in the beef sector, will be implemented in 2012/2013. Measurement and performance criteria will also be introduced around water and biodiversity, with all the programmes collectively forming a platform for Origin Green.



Workstream insights...

Origin Green – your questions answered

What is Origin Green?

An ongoing voluntary sustainability development programme that will demonstrate the commitment of Irish food and drink manufacturers to operating sustainably.

How will it work?

Companies will be asked to sign up to developing and implementing a multi-annual action plan. This will set out clear targets in the key action areas identified by the company, which will then be required to commit to deliver a progress report on an annual basis.

What value will it deliver?

The ultimate intention is the creation of a significant point of differentiation for the Irish food and drink industry around the area of sustainability. Bord Bia will communicate cumulative improvements under key headings, while individual companies will be able to highlight their improvements as part of an independently verified programme.

Why should my company get involved?

With the global population set to increase by more than two billion by 2050, the world will need to produce 70% more food from increasingly limited resources. Retailers, foodservice operators and food manufacturers are looking to suppliers to provide details of the sustainability impact associated with their products. Those who can credibly and proactively benchmark and improve their performance will be better placed to secure long-term business relationships with these trade customers.

WITH THE GLOBAL POPULATION SET TO INCREASE BY MORE THAN TWO BILLION BY 2050, THE WORLD WILL NEED TO PRODUCE 70% MORE FOOD FROM INCREASINGLY LIMITED RESOURCES.

How will customers see my achievements?

Bord Bia will provide an internet platform for participants and assessment of satisfactory progress will be determined by an independent third party. Site visits will be undertaken periodically to verify the authenticity of the progress reported. Bord Bia, in partnership with the industry, will invest in marketing communications with the trade to strategically build an awareness for Ireland's sustainability development programme.

BORD BIA, IN PARTNERSHIP WITH THE INDUSTRY, WILL INVEST IN MARKETING COMMUNICATIONS WITH THE TRADE TO STRATEGICALLY BUILD AN AWARENESS FOR IRELAND'S SUSTAINABILITY DEVELOPMENT PROGRAMME.

Is Origin Green right for my company?

Individual companies are best placed to determine the actions that will have the greatest impact in improving their sustainability performance. Each company will decide on key areas of improvement as part of its plan and how best to implement change.

What should my targets be?

The sustainability plan developed by each company must include at least one core target from energy, emissions and waste, as well as at least one other area to be selected from a list of relevant options. However, all companies will also be expected to consider their performance across all the areas associated with sustainability.

For each of the issues, a company will need to set out a baseline and decide on short, medium and long-term targets.

How do I join?

With the launch of Origin Green, registration is now open. Companies are invited to visit the Origin Green website or contact Bord Bia with a view to beginning the development of their plan. A statement of commitment by senior management to implement the plan is the first critical step for participation.



**Working
with nature**

Find out more at:
www.origingreen.ie
or info@bordbia.ie

The five workstreams:

Entrepreneurship

With the launch of Food Works, Bord Bia will offer active mentoring and support to emerging Irish food entrepreneurs who have scalable projects and global ambitions.



FOOD WORKS

CREATING GLOBAL FOOD ENTREPRENEURS

Bord Bia
Irish Food Board

ENTERPRISE
IRELAND

teagasc
AGRICULTURE AND FOOD DEVELOPMENT AUTHORITY

Our approach

Entrepreneurship is recognised in both *Food Harvest 2020* and *Pathways for Growth* as critical to driving the future success of the Irish food sector. Launched in 2012, Food Works is a new approach to finding and fostering food entrepreneurs and has been developed through the collaborative efforts of Bord Bia, Enterprise Ireland and Teagasc. Food Works provides a clear pathway for the development of the next generation of scalable, export-driven food companies.

Our activities

Launched in March 2012, Food Works builds on the recognition that, while there is an ongoing interest in the development of new business within the industry, entrepreneurship around concepts of scale requires particular support. In an environment where grant aid and other financial aids may be limited or curtailed, new thinking is required if a genuine culture of dynamic food start-ups is to be developed.

THE COMBINED
EXPERIENCE OF BORD
BIA, TEAGASC AND
ENTERPRISE IRELAND
IN DEVELOPING THE
PROGRAMME AND,
MORE IMPORTANTLY,
THE HIGH CALIBRE OF
APPLICANTS TO DATE,
SUGGEST EXCITING
RETURNS FROM THE
PROGRAMME AND
THE POSSIBILITY OF
MAKING IT AN ANNUAL
EVENT OVER THE
NEXT THREE YEARS.

Food Works consists of five stages:

- **Plan your path** – Information evenings held in March 2012, in three strategic locations, sought to cast a wide net in terms of attracting interest in and awareness of the programme.
- **Immerse yourself** – A series of seminars and information evenings, offering potential entrepreneurs an understanding of global consumer trends and opportunities, insightful case studies, and indicators of product concept and business viability.
- **Book your place** – Interested parties were asked to submit detailed applications to join the Food Works programme. Following interviews, 29 were selected to progress to the next stage.
- **Take your first steps** – In August 2012, 29 entrepreneurs will be offered a suite of services including mentoring, workshops, consumer clinics, R&D assistance, as well as a €5,000 feasibility grant, to fully stress-test their ideas in Irish and overseas markets. Participants will be based in the Food Works innovation hub, located in the Guinness Enterprise Centre, Dublin.
- **Begin your venture** – In November 2012, up to 15 selected entrepreneurs will take the next step – an intensive four-month period of training and mentoring. Here, the focus will be on establishing international consumer acceptance of their offering and whether commercially viable businesses can be created, funded and scaled up.

Our progress

Food Works is, by international standards, a novel business development programme. While the incubation of high potential start ups (HPSU) is relatively routine in many sectors, it has rarely been given consideration in the food and drink industry.

The combined experience of Bord Bia, Teagasc and Enterprise Ireland in developing the programme and, more importantly, the high calibre of applicants to date, suggest exciting returns from the programme and the possibility of making it an annual event over the next three years.

With up to 15 entrepreneurs entering the 'Begin your venture' phase every year over this period, by the end of 2015, a pool of 45 dynamic start ups should be in play, of which some 20 may be expected to be HPSUs.



The five workstreams:

Education

A new generation of executive talent is winning business for the Irish food and drink industry through a three-tier education programme that creates opportunities from graduate to industry professional level.

Our approach

Investment in education has always been at the heart of Ireland's economic development and is recognised by *Pathways for Growth* as key to shaping the next generation of executive talent in the food and drink industry.

The Bord Bia education programme consists of:

- **Bord Bia Marketing Fellowship** – Graduates with industry experience complete overseas assignments for Irish companies as part of their MSc in Marketing Practice.
- **Food Export Graduate Programme** – An 18-month programme, commenced in July 2011, in conjunction with IBEC, placing graduates in Irish companies.
- **Food Industry Strategic Growth (Alumni) programme** – Industry professionals enhance their long-term career opportunities through leadership-defining projects. The third programme commences in December 2012.

Our activities

The third Bord Bia Marketing Fellowship concluded in May 2012, with the fourth programme commencing in June 2012. Both involve 25 high-potential graduates, undertaking a range of individual projects in priority export markets. On completion, the third programme saw 102 assignments undertaken for 79 companies in 12 markets.

Marketing Fellowship 2011-2012 markets

- | | |
|---------------|----------|
| • China | • Russia |
| • France | • Spain |
| • Germany | • Sweden |
| • Italy | • UAE |
| • Korea | • UK |
| • Netherlands | • USA |

Marketing Fellow actions on behalf of clients included:

- Research and insight on market entry strategy.
- Representation of companies at trade events.
- Project management of marketing initiatives and supports.
- Identification of and engagement with potential buyers.

Our progress

A key goal of the education stream is to retain graduates within the industry, developing the next generation of executive talent. Tracking data from the first and second Marketing Fellowship programme indicates retention rates of over 75% to date, with the vast majority of those working in Irish-owned enterprises.

Feedback from Irish companies also indicates direct and long-term sales benefits from participation in the Marketing Fellowship programme. The second (2010-2011) programme has, to date, generated sales of €7.9m, with €20m anticipated by 2014. Similar returns are envisaged through the third and fourth programmes.

Bord Bia's commitment to the Education workstream is also a commitment to evolve the learning framework. New developments have included:

- A greater emphasis on market development and selling opportunities.
- A formal presentation of results by Fellows to client companies.
- Encouragement of 'outside the box' thinking on assignments by Irish companies.
- Improved profiling of applicants to ensure an optimum match with programme goals.

Your say



With some 500 applications for 25 Fellowship places in the fourth programme, its growing appeal as a route into industry is self-evident. However, the greatest testimonial to its success comes from participating companies themselves:

- Irish Dairy Board Ingredients has achieved €2m worth of new business - to date - through the work of what it described as an 'outstanding' Fellow based in the Spanish market in 2010.
- Coolmore Foods says a German-based Fellow was instrumental in helping it convert business with Aldi and in setting up many other contacts.
- Silver Pail Dairy commented: 'Having a Fellow in the Middle East kept us in touch, up to date and allowed us to react to our customer needs in this significant market.'

The five workstreams:

Innovation

Innovation is a strategic priority for Bord Bia and the Insight and Innovation Team engages with industry to ensure that awareness of consumer needs and behaviours guides every step of the NPD process.

Our approach

The goal of the Bord Bia Insight and Innovation Team is to provide actionable consumer insight that can drive brand growth and foster innovation. foresight4food is Bord Bia's core insight and innovation programme and offers services with the proven ability to inspire, facilitate and validate new ideas.

Informed by ongoing global research, Bord Bia's Consumer Lifestyles Trends programme, meanwhile, offers a foundation resource that allows the industry to better predict and prepare for consumers' future needs and wants (see panel). Alignment with these trends is considered a critical starting point to the innovation process. In support of this, Bord Bia's PERIscope research follows consumer trends in 13 markets and provides updates on food, cooking and shopping attitudes.

Our activities

A 2010 report by Forfás identified the 'hit rate' for NPD among Irish food and drink companies as relatively low, a situation that can only put further funding pressure on an already under-resourced activity.

foresight4food offers access to professional consumer insight at a minimal cost, thereby allowing companies to develop branding and NPD processes that are truly consumer focused and cost efficient. Key activities include:

- Inspiration and idea sourcing.
- Innovation process expertise.
- Concept development and refinement.
- Brand positioning and opportunity scoping.
- Pack and communications design and development.

New services in support of this include the partnership programme, in which Bord Bia branding and innovation specialists offer a consultancy input to larger exporting companies. At the other end of the scale, recognition of the need for a more structured approach to branding and innovation in the speciality food sector saw a dedicated foresight4food programme for small business launched in March 2011. To date, it has worked with more than 30 companies.

The Brand Forum provides an important venue for Irish food and drink companies to develop and grow their brands, with inspiring speakers, practical workshops and a range of services, including one-to-one mentoring, central to its offering.

Our progress

The Insight and Innovation Team has expanded in the last 12 months, allowing it to significantly increase the flow of services to Irish companies.

Over this time, it has also piloted two crowdsourcing projects with industry clients, leveraging on-line communities to seek out deep consumer understanding and insight. In addition, the team has hosted five inspiration expeditions, which help inspire and motivate companies through exposure to new product and service ideas in other markets.

Investigation of innovation opportunities for the Irish dairy industry in less developed markets began in 2011, with ethnographic research in South Korea, Indonesia and Vietnam capturing the lifestyle, food culture and dairy consumption habits of consumers.

Over 30 companies have availed of the Brand Forum’s mentoring service since its introduction in 2011 and, in 2012, the forum introduced a Syndicated Brand Health Check for members. Some 30 companies are now monitoring and tracking their brand progress through the service.

Finally, macro research projects conducted over the last year have delivered insight into broad consumer trends in areas of interest to Irish industry, including European sports nutrition, the future of health and wellness, and understanding evening meal consumption.

Bord Bia's Consumer Lifestyles Trends 2012

Bord Bia's revised Consumer Lifestyles Trends programme was launched in June 2012. These trends are based on global insights and provide a structured framework on which to base strategy, branding and innovation.

Fluid lives

'I want to manage my busy life and make sure that I am at my best for whatever the day presents.'

Simple pleasures

'I want to get more enjoyment from the simple things in life; to have experiences that add more fun and meaning.'

Responsible living

I am mindful that I need to live more responsibly; I want to make better choices that make a difference without having to compromise.'

Quest for health and wellness

'I want a balanced approach to health and wellness, to have greater control through the choices I can make.'

Consumers in control

'I like to pursue better value, to help maintain my lifestyle and to get the most from the money I have.'

Keeping it real

'I am looking for products and brands that are real, authentic and honest, because I know I can trust what's in them and where they come from.'



The five workstreams:

Co-opetition

Irish food and drink companies increasingly recognise the value of strategic engagement with each other to secure new markets, manage larger contracts and reduce overheads.

Our approach

Across a range of services provision, Bord Bia is embedding a culture of co-opetition into its business development processes, recognising it as a behaviour that can allow Irish food and drink suppliers to directly address the issues of fragmentation identified by *Pathways for Growth* and achieve scale competitively.

CO-OPETITION IS, BY ITS NATURE, A FLUID, COLLABORATIVE PROCESS, OPEN TO AND RESPONSIVE TO WHAT WORKS FOR PARTICIPANTS.

Our activities

Co-opetition is, by its nature, a fluid, collaborative process, open to and responsive to what works for participants. Areas where significant progress has been made by participants to date include: market access; marketing activity; promotional activity; mentoring; and procurement.



Actions in key areas:

- **Market access**

Opened in April 2012, the China Hub provides shared office accommodation in Shanghai to companies who want to build business in China. The Bord Bia support structure facilitates an informed and smoother pathway to new market development.

- **Marketing activity**

Three Irish beef suppliers have agreed to work together to supply a premium beef brand to a leading European retailer.

- **Promotional activity**

The mushroom industries in Ireland, Northern Ireland and Great Britain are currently co-operating in an EU co-funded €2.4m mushroom promotional campaign in the UK.

- **Mentoring**

A skills-share mentoring initiative, coordinated by Bord Bia in cooperation with FDII, is encouraging the sharing of best practice and learnings between large and small food companies.

- **Procurement**

Twelve Irish consumer food companies collectively buy services through an independent purchasing company. The initial focus was corrugated packaging, with activity since expanded to insurance.



Co-opetition

Successful outcomes:

- **Market access**

Companies establishing their presence in the China Hub to date include ABP, Rosderra and a group of four Irish seafood companies.

- **Marketing activity**

In 2012, a European retailer has confirmed plans to progress with a premium Irish brand supplied collectively by three Irish beef suppliers.

- **Promotional activity**

The joint mushroom promotional programme has seen the total UK mushroom market grow by 2,700 tonnes.

- **Mentoring**

Ten one-on-one mentoring relationships between large and small companies have now been developed as part of the skills share initiative.

- **Procurement**

Cost savings on insurance for consumer food companies working together have ranged between 15% to 25%, with savings on corrugated packaging of up to 22%.





The Emerald Isle

It is easy to see from this true-colour image why Ireland is called the Emerald Isle. Intense green vegetation, primarily grassland, covers most of the country except for the exposed rock on mountaintops. Ireland owes its greenness to moderate temperatures and moist air. The Atlantic Ocean, particularly the warm currents in the North Atlantic Drift, gives the country a more temperate climate than most others at the same latitude.

The cloud-free view shown here is extremely rare. NASA's Aqua satellite captured the image on October 11, 2010.

Growing the success of
Irish food & horticulture

Bord Bia
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