

# Food Harvest 2020.

A vision for Irish agri-food and fisheries

Presenting

## Pathways for Growth

Building Ireland's largest indigenous industry



## Progress Update 4

June 2012 – September 2013

## What success looks like

Growing the success of  
Irish food & horticulture

**Bord Bia**  
Irish Food Board

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# ***Pathways for Growth***

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

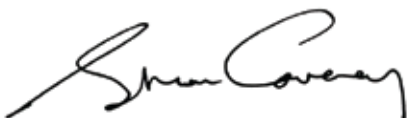
Ireland's reputation as a source of high-quality food, drink and horticulture is among our most cherished national assets. In a period of change and uncertainty with regard to the dynamics of global food supply, it has never been more important to highlight the long-standing principles of sustainability that underwrite our food production systems. The integrity of this supply chain is under constant scrutiny and a lack of transparency with regard to its operation can have an enormous impact on consumer confidence. As evidenced by the equine meat issue at the beginning of 2013, and our response to it, complacency can have no place in food production systems.

Since its launch in 2010, *Pathways for Growth* has facilitated the growth and development of our industry on many levels, building as it does on the industry-led *Food Harvest 2020* strategy, the Department of Agriculture, Food and the Marine's roadmap for growth, which sets out ambitious targets across the agri-food sector in the years 2010-2020. The commitment shown by industry, the development agencies and my Department to action advancing delivery is evidenced in our annual Milestones reports.

Since the launch of both reports, the pace of change has accelerated in our industry and, today, we find ourselves in an unprecedented fourth year of successive export growth, with total exports now possibly reaching €10 billion for the first time. Current successes, of course, should not blur future objectives and *Pathways for Growth* is providing an important framework for an industry that remains highly ambitious about its potential for growth. Nowhere has this been more evident than the launch of *Origin Green* in 2012. With the enthusiastic support of industry, Ireland is now on course to deliver what is arguably the most ambitious sustainability programme ever undertaken at national level anywhere in the world.

The timing of this development could hardly be better. Earlier this year, the Irish Government successfully concluded negotiations on the reform of the Common Agricultural Policy – a landmark agreement that will pave the way for a strengthened European agricultural base and create meaningful growth opportunities for the Irish agri-food industry in the years ahead. Arguably the most significant of these opportunities lies just around the corner, with the abolition of milk quotas in 2015. Work is now intensifying among all stakeholders to support the opportunity for expansion that will follow from this. My department will continue to do all in its power to support this process, and indeed the ambitions of all our primary producers and the industry at large.

The Irish agri-food industry is at a pivotal tipping point in its development – one where we can both build on our traditional strengths and re-imagine our future. Aligning Ireland's formidable skills and talent base with the rich resources of our agricultural heritage and the new and emerging demands of global customers will be the key to unlocking our potential. *Pathways for Growth* continues to be central to this and I commend the resolve and commitment of all who are working to move this process forward.



**Simon Coveney**

Minister for Agriculture, Food and the Marine

# Section 1

## Year 3 Report

**Mary Shelman**

Director of Agribusiness Program  
Harvard Business School

Three 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* (published in May 2010) and key elements were incorporated into *Food Harvest 2020*.



In *Pathways*, we recommended that Ireland adopt a strategy of developing a world-class agricultural industry by 2016. We are halfway to that date. The objective for this year's review is to evaluate the progress that has been made, probing deeply to see if real changes in mindset, actions, and aspirations are occurring, or if the 25% increase in Irish exports over the last three years is simply due to improved market conditions. It is also to look ahead and propose refinements and new initiatives in order to achieve the long-term vision of Ireland becoming the most efficient, most highly innovative food and drink country in the world in 20 years time.

## 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

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.

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.



## Reconfirming the Pathways Model

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**Last year, we tested the Pathways strategy against global trends and concluded that it remained the best way for the Irish food and drink industry to achieve profitable growth.**

The trends identified last year—stronger supply chains, sustainability becoming fundamental, increased consumer expectations of food and drink companies, and the rise of powerful global champions—continue to gain momentum. In particular, the demand for greater supply chain integrity has intensified after a series of value-destroying food safety incidents. In China, same-store sales at Yum Brands' 4,500 KFC restaurants fell 41% in January after excessive antibiotic levels were found in chicken from two small suppliers; as of July, sales had not fully recovered. In New Zealand, a report (now confirmed as erroneous) of botulism-causing bacteria in a Fonterra dairy ingredient led to recalls by Abbott, Danone, and Coca-Cola and import bans by China, Vietnam, and Russia, costing millions in lost business and damaging the country's clean, green reputation. In Europe, the finding of horse DNA in frozen beefburgers in Ireland, and further trail of adulteration spanning 13 countries, shattered public trust in the food industry with the UK particularly hard hit.

These examples make it absolutely clear that without a tightly controlled supply chain, half your business could disappear overnight. We have entered a new era of direct sourcing and long-term supply relationships, with less switching based on price.

Ireland's commitment to quality, strong customer relationships, openness, and willingness to take action helped it navigate the equine crisis with no long-term reputational damage. Some give credit to the Irish food safety authority for being the first to identify what was found to be a Europe-wide problem. A potential silver lining, the crisis served as a wake-up call and provided additional validation of the need for full-chain traceability and DNA species testing. More farmers signed up for BQAS, and now 85% of Irish beef exports are from approved producers. In the UK, where cattle prices are now the highest in Europe, retail multiples confine their purchases to Britain and Ireland only—providing a direct measure of the value of reputation.



Two other emerging trends are worth highlighting, as they provide substantial opportunities for Ireland:

- **The growing popularity of “craft” food and drink products.** These are premium (but not luxury) products often made by small, independent producers. They are chosen for their taste and because people who can afford it want to have some knowledge of whom they are buying from, believing that a person they like will make the right choices about the environment, social issues, etc.

Craft products are not necessarily “local” (produced within 100 miles of home) or limited to small niches. U.S. Greek yogurt brand Chobani, launched by Turkish immigrant Hamdi Ulukaya in 2007, has grown to \$1 billion in retail sales by producing high quality specialty products with mass appeal—and with a minimal advertising budget. Ulukaya’s credo of “Nothing but good” applies to Chobani products (described as crafted, authentic, and simple) as well as the company’s operating philosophy. Craft products win in the marketplace through quality, creativity, and likeability, confirming strong prospects for authentic, place-based brands with stories that resonate with consumers.

- **Africa, the next growth region.** With 60% of the world’s uncultivated arable land and seven of the top 10 fastest growing economies, Africa is a natural home for the next agricultural revolution. The World Bank estimates that Africa’s farmers and agribusinesses could create a trillion dollar food market by 2030 if they can expand their access to capital, electricity, and technology.<sup>1</sup> China and Brazil are making significant investments in land, infrastructure, and technology transfer to help unlock Sub-Saharan Africa’s agricultural potential.

Bold Consumer Packaged Goods (CPG) firms are putting assets on the ground and developing innovative products and packaging specially designed for the regions’ new consumers, for example Diageo’s Snapp sparkling apple-flavoured drink targeted at women. McKinsey estimates Africa’s spending on apparel, consumer goods, and food could grow by \$185 billion by 2020,<sup>2</sup> but notes that to succeed companies must develop locally relevant, quality products with a strong brand—and the right price point—in numerous markets. In addition, all firms operating in Africa face the challenge of getting qualified talent. As a Managing Director of a Kenyan agribusiness firm told me, “Getting \$100 million to fund a new project is easy right now; finding someone capable of running it is the big problem.”

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<sup>1</sup> “Growing Africa: Unlocking the Potential of Agribusiness,” The World Bank, March 11, 2013, available at <http://documents.worldbank.org/curated/en/docsearch?query=75663>.

<sup>2</sup> “The Rise of the African Consumer: A Report from McKinsey’s Africa Consumer Insights Center,” McKinsey & Company, October 2012.

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

## *Pathways calls for fundamental changes in mindsets, actions, and aspirations. Has Ireland made a step change since its May 2010 launch?*

To answer this, I interviewed nearly 20 industry leaders in late August 2013. Some have been involved since the beginning of the *Pathways* journey; others are relatively new to the Irish food and drink industry. They run a mix of large and small companies, public and private, MNCs and indigenous firms. As every year, I was extremely impressed by their willingness to participate and give honest, constructive feedback. It is clear that each one is highly engaged in making the industry a success.

Industry newcomers give credit to Ireland for “having a clear, simple plan for making Ireland stronger” and describe the launch of *Origin Green* as “highly strategic,” “well executed,” and “inspirational.” *Pathways* veterans also acknowledge the significance of the project: “*Pathways* provided a realization of what was wrong [with the Irish food industry], and a vision of what good looks like. There’s been consistent, rigorous follow-up. It’s rolled from a one-year, to a three-year, to a five-year plan and the vision has been consistent throughout.” Another noted that “we are moving inches at a time, [there’s been] no Eureka moments. But *Pathways* has brought out the voice, the vision. *Origin Green* provides a path to the future.” Outside the sector, food is recognized as “the only industry in Ireland that has a plan.”

As a result, company leaders have more confidence. They are seeing value in being Irish and pulling together under a singular branding concept, *Origin Green*, which “captures what is good about Ireland” and “provides proof points at a time when customers and consumers increasingly want evidence.” For the first time, I heard that Ireland could be Number 1 in the world “based on the quality and reliability of our supply chain, backed up with substance.” Some companies are more strongly emphasizing their Irish identity in branding, which benefits the entire industry, and many are investing in new facilities (in comparison, in 2010 most were divesting). The Irish whiskey industry in particular is experiencing a renaissance. An industry head explained, “We realized being from Ireland is a huge competitive advantage. Ireland is steeped in craft and authenticity. We can put a 5th generation master cooper in front of people to tell our story. This differentiation is very valuable when there are so many substitutes in drink.”

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Irish companies have also become more international. They are putting talent and resources outside of Ireland, investing today to build future business. Over the last three years, the Irish Dairy Board has placed 50 new people into markets such as South Africa, Kenya, and the Congo, with an evolution from the young and enthusiastic to more experienced and strategic leaders. Butlers sells chocolates in 35 countries including five Butlers Chocolate Cafés in Pakistan. Leveraging Bord Bia and other government support, Irish companies are gaining traction in the Middle East, Asia, Africa, and Russia, along with some early wins in China especially for seafood. While the UK remains Ireland's primary trading partner, accounting for 42% of food and drink exports in 2012 compared to 44% in 2009, non-UK exports have grown by €1.25 billion during the period (65% of total export growth) and should increase further as this new market development work takes hold.

Businesses are more customer-centric, working closely with customers and consumers to understand and solve their problems. Kerry made the decision to put its new European R&D center in Kildare rather than in its home county in order to better serve international visitors. Retail beef suppliers are mining category data to identify gaps and bringing insights from other markets. Companies have reorganized to support NPD (for example, Kerry has created regional R&D hubs; the Irish Dairy Board has embedded NPD heads in each strategic business unit) and seriously ramped up the rate of innovation (this was a common theme across companies). Government research programs have become "less academic," with greater focus on commercial applications and "six-month versus 10-year action plans," although this is not universal. Bord Bia's Consumer Insight & Innovation team has increased the number of companies served, working on 54 insight, branding, and innovation projects in the first eight months of 2013 compared to 21 client projects for the full year 2010.

Because of their increased focus on customers and consumer insights, Irish companies are winning new business. They are growing through successful line extensions (from "a one-trick pony to a portfolio"), unique offerings (Irish honey-flavored spirits, for example), premiumisation (Baileys' new Chocolat Luxe offering), adaption for new markets (Kerrygold in Saudi Arabia; different fillings for Butlers chocolates for Japan and China), and the creation of whole new product categories (e.g., Kepak's "hot, quick, and tasty" convenience line). In some cases, there's "more innovation going on than we can actually launch."

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New educational programmes organized by Enterprise Ireland, Bord Bia, and others have lifted overall management capabilities. Leadership4Growth brought new management concepts to strategy development that have been successfully implemented at several companies. Bord Bia’s annual CEO Summits provide insights into global agribusiness and food industry trends and keep the *Pathways* momentum going. The Bord Bia Marketing Fellowship is also designed to provide an international perspective, as well as strong emphasis on practical skills. It’s highly competitive (500 applicants for 25 places, about the same rate as Harvard), delivers results (Fellows generated €34 million in new business for Irish companies in 2012), and has created a pipeline of future industry leaders (this year, 21 of the 25 graduates have accepted positions in the food industry). Several companies have also started or expanded their own internal leadership development programmes and increased pay to attract higher caliber graduates.

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*Pathways* states that Ireland needs more entrepreneurs as a source of new product ideas. Food Works was created to encourage and support entrepreneurs with training, professional services, and facilitating their access to capital. The first program is now complete. While not all participants have viable business plans, there are several interesting product ideas (for example, processed cheese with no taste and no smell so it can be flavoured) although only one or two appear to be scalable. One very successful Irish entrepreneur said this was not a disappointing result, because “the very nature of a successful entrepreneur is the ability to find the next opportunity. One thing leads to another.” However, the current Irish economic conditions, including very tight credit and a tough domestic market, make it difficult to start a new business or grow a small (or even medium-size) one, while high personal income and capital gain tax rates lower potential rewards—thus lowering the incentive to take risks.



The one thing that Irish companies have not made as much progress on over the last three years is the idea of cooperating rather than competing. While the word co-opetition is now recognized (over 50% awareness in a recent survey of the food and drink industry), it has proven difficult to put into practice in a systematic way. Bord Bia has a workstream devoted to this, but it has taken a lot of effort and resources to achieve small gains. Co-opetition projects underway include Kerrygold marketing Cashel Blue cheese in the U.S., the opening of a hub in China to support Irish food and drink imports, a joint research program for the meat industry, and tourism initiatives featuring agriculture and food. However, big wins within sectors (such as jointly marketing Irish beef in foreign markets) have been elusive. Critically, the dairy industry still does not have a comprehensive quality assurance programme, although the hope is that it will be in place by the end of this year.

Altogether, this is a very positive story for Ireland. The message has gotten through that this is an important industry, and that there are serious gains to be made for the country and for individual companies by coming together in its support. Irish firms have upped their game and increased their competitiveness and ambitions. Clearly much more could be done (more scale, a fully implemented dairy certification scheme, better tax structures, more financial support for startups, fully joined-up thinking between government departments and agencies, a strategy for the prepared foods sector, etc.) but the amount of progress is significant. A job nicely (but partially) done, with particular recognition to *Origin Green*.

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## Origin Green

Undoubtedly the biggest change for the Irish food and drink industry from 2010 has been the introduction of *Origin Green*. The CEOs that I spoke with were unanimous and enthusiastic in their support for the program. This was surprising given the many concerns raised about an umbrella brand in the two years prior to its launch in June 2012. In the 14 months since the launch, over 280 companies have signed up, representing 70% of Irish food and drink exports. More than 20 plans have been approved and 50 more are under review. It seems likely that the target of 75% of Irish exports under *Origin Green* by the end of 2014 will be achieved. The ultimate goal must remain 100% participation.

Companies sign up for different reasons. Some join “to support Ireland.” Most see it as way to add value to Irish products. *Origin Green* “provides a new way to communicate the care taken in every aspect of the production cycle,” notes one CEO. While the brand imagery is compelling, the most important aspect of *Origin Green* is the science and commitments that underpin it since it is a mistake to

make a promise that isn't true. (See insert on Australia, page 11) The "living" design of the *Origin Green* charter enables it to evolve to address changing conditions and allowed quick response to the equine crisis, which secured business and opened doors beyond the beef sector. A CEO from the seafood industry said: "There's a new emphasis on traceability and control of the supply chain since the horsemeat scandal. *Origin Green* provides credibility and demonstrates sustainability. It's a way to show we are different from our competitors." Many companies report that it is already leading to new business. Some are asking to use it on consumer labels (the plan for this is under discussion, since it requires a different level of brand building).

An unexpected benefit of the *Origin Green* program is that it provides a new platform for communications with customers and also internally. Many firms have a Eureka moment when disparate initiatives already underway because they are "good business" are linked under the *Origin Green* umbrella and become a marketing tool. "*Origin Green* gives us a new way to engage customers and communicate all the great stuff we've been doing. It is a chance to set ourselves apart beyond traditional industry quality awards," observed one meat industry CEO. Some leaders found that discussing *Origin Green* with employees led to increased engagement and pride.

A key learning so far is that it is equally important that companies have a sustainability plan AND a communications plan. It's a complex program to explain and ideally customer engagement should be at the executive level as well as with the buyer. Bord Bia has developed a detailed brand activation kit—brochures, presentations, signage, banners, a flag to fly, etc. and provides training. The upcoming Global Sustainability Conference will begin to raise international awareness and build the *Origin Green* brand with new customers. At the same time, the conference is a focal point inside Ireland to drive adoption and also to provide

"ORIGIN GREEN GIVES US A NEW WAY TO ENGAGE CUSTOMERS AND COMMUNICATE ALL THE GREAT STUFF WE'VE BEEN DOING. IT IS A CHANCE TO SET OURSELVES APART BEYOND TRADITIONAL INDUSTRY QUALITY AWARDS."



training which will ensure that *Origin Green* is presented in a consistent way. This type of event, which includes agricultural tours, is also perfectly aligned with the “Come See Us” strategy. The new *Origin Green Ambassadors* educational program will create another communication route while providing customer feedback about sustainability and *Origin Green*.

A fundamental next step in *Origin Green*’s success is engaging and deeply embedding farmers in the *Origin Green* vision. This is broader than the Quality Assurance programmes already in place. Achieving full-chain sustainability drives the need to increase agricultural productivity, where farmers produce more output with the same or fewer inputs.

In summary, *Origin Green* is an emerging case study on how to transform an industry. The common agenda rises above any one company or sector and brings together the *Pathways* workstreams, bridging co-opetition, innovation, education, and brands. At its fullest, every farmer and food and drink company in Ireland will be working as one to deliver a comprehensive sustainability program that is commercially driven. If managed properly (100% execution, the right speaking engagements), *Origin Green* can catapult Ireland into international prominence. The world will be eager to learn about *Origin Green* and it will become a model for others.

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## Case Study: Australia

Other countries are recognizing the value of creating a brand identity for the food they produce in order to command premium prices.

In Australia’s national food plan introduced in May 2013, the Australian government committed A\$2 million (about €1.4 million) to “study how Australia’s food production and manufacturing is perceived, then work with the food industry to create a brand identity that represents the Australian food industry as ambitious, confident, and a supplier of safe, premium products.”<sup>3</sup> All food-related businesses will be able to use the brand free of charge, and it will be promoted around the world through digital and other media, as well as organized tours of Australian food production sites for the international media to raise awareness. However, it is critical to note that there are no credentials underpinning this brand.

<sup>3</sup> Australian Government, “Building Australia’s Food Brand,” Australian Government National Food Plan website, <http://www.daff.gov.au/nationalfoodplan/white-paper/initiatives/brand-australia>, accessed August 2013.

## Delivering Growth

Ireland's food industry continues to make progress on its pathway to growth. While many challenges remain, the food industry, its Minister, and state agencies have demonstrated a willingness to make the decisions and investments needed to grow sales and exports beyond the rate of market growth while at the same time laying solid foundations for the future. To achieve its full potential, Ireland Inc. must continue to drive for change. It's a time for bold thinking and new pillars of growth which build on the Pathways foundation, while doubling-down on ongoing programs that are delivering results.

**TO ACHIEVE ITS FULL  
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### Origin Green

This groundbreaking program is already delivering commercial wins and engendering a more cooperative industry culture. What else should be done?

1. Engaging farmers in *Origin Green* is fundamental to long-term success and must be a top priority.
2. Ensure a continued high level of industry engagement by focusing on commercial results. Identify opportunities where *Origin Green* can grow volume as well as value, such as using it to gain market access or retail listings.
3. Strategically build Ireland's international brand. Publish a country sustainability report (like Nestlé's "Creating Shared Value") and find opportunities to share the stage with influential CEOs (e.g., at the World Economic Forum in Davos). Think creatively about communications, such as developing an *Origin Green* smartphone app for children around the world to experience sustainability.<sup>4</sup>
4. Manage risks. Reputation is difficult to build and easy to lose. Develop a crisis management plan and practice it. Rigorously monitor performance, with a plan for handling those that do not live up to their commitments. Embrace transparency and a "Come See Us" policy.



<sup>4</sup> See McDonald's "Track My Maccas" in Australia, <http://www.telegraph.co.uk/technology/news/10124730/McDonalds-app-reveals-cow-your-burger-came-from-in-transparency-drive.html>, or South African grape industry's "Gary the Grape, The Grape Escape," <http://www.freshfruitportal.com/2013/09/03/the-grape-escape-from-south-africa-to-smart-phones/?country=united%20kingdom>.



## Reinventing Irish Beef

The core of Ireland's food industry, and thus its best opportunities for sustained export growth, are the dairy and beef sectors. While dairy's growth seems certain, the potential for beef could be equally exciting. The Irish beef industry has transformed over the last decade with gains in quality and customer recognition, and *Origin Green* further strengthens the position of Irish beef with foodservice, retailers, and consumers. But beef farmers are losing money, the herd size has fallen and may decrease more as dairy expands.

Ireland has a unique opportunity in beef to "connect the dots" from farmer to consumer—using 100% DNA testing, complete online record keeping, a comprehensive electronic database, consumer preference information, and selective breeding to create the most advanced, highest quality, and most trustworthy beef industry in the world. Productivity improvements will bring more income to farmers and reinforce the *Origin Green* story of doing more with less. Differentiation based on customer feedback will lead to new high-value products and branding opportunities. Additional research should be undertaken to confirm the environmental and nutritional advantages of grass-fed beef. Ultimately, the Irish beef and dairy sectors should be examined together to identify an optimal joint approach.

## Consumer Insight and Engagement Centre

Ireland's ambition is to become the most highly innovative food and drink country in the world. To tangibly support this vision, a state-of-the-art consumer insight and innovation centre should be created where consumers, customers, food and drink companies, entrepreneurs, market researchers, packaging and branding specialists, chefs, and food scientists can come together to commercialise new ideas. The centre would act as a learning hub, testing centre, and promote a holistic approach to new product development. It would also be a world-class showcase for the Irish food and drink industry and for *Origin Green*, extending a global invitation to "Come See Us." It offers potential to develop market and technical expertise which will attract multinational investment in food (much as Singapore and London do in finance), inspire and attract entrepreneurs from Ireland and abroad (much as Silicon Valley does in technology), and draw Ireland's educational, technological, financial, and policy infrastructure towards the food sector in an irrevocable way (much as has happened in Brazil with its food and agriculture industry).

TO TANGIBLY SUPPORT THIS VISION, A STATE-OF-THE-ART CONSUMER INSIGHT AND INNOVATION CENTRE SHOULD BE CREATED WHERE CONSUMERS, CUSTOMERS, FOOD AND DRINK COMPANIES, ENTREPRENEURS, MARKET RESEARCHERS, PACKAGING AND BRANDING SPECIALISTS, CHEFS, AND FOOD SCIENTISTS CAN COME TOGETHER TO COMMERCIALISE NEW IDEAS.

### Mary Shelman

Director of Agribusiness Program

Harvard Business School

## Building Ireland's largest indigenous industry

## Bord Bia's Progress Update 4 June 2012 – September 2013



# What Success Means

This fourth progress report for *Pathways for Growth* takes us to the half-way point of Bord Bia's five year multi-disciplinary development programme and, with it, the opportunity to reflect on the progress that has taken place since the first report, co-authored by Mary Shelman and David E Bell of Harvard Business School, was published in 2010.

*Pathways for Growth* has come to mean many things to many people and in this fourth update we pose the timely question: 'what does success look like?' Much has changed within Ireland's agri-food sector since 2010. A period of low confidence has been replaced by four years of strong, consecutive growth, with 2013 set to deliver another year of high single-digit growth. Clearly, these successes have come in response to increased global demand and, also, an industry pursuing a determined growth agenda against fierce competition in both traditional and developing markets. It is an assured performance that has fostered a widely-held and justified view of our industry as a pathfinder for the recovery and future success of the wider Irish economy. Indeed, if success may be measured, in part at least, by the esteem of others, the Irish food industry has much to lay claim to.

However, *Pathways for Growth*, like the industry it serves, recognises that growth is not a given and continues to require a spirit of collaboration, commitment and innovation. This sense of shared enterprise has been pivotal to the early success of *Origin Green*, launched in June 2012. The response by industry has been little short of remarkable and already we are seeing encouraging evidence of its positive impact in the marketplace.

The cohesion and sense of engagement for which *Pathways for Growth* has been a catalyst can only serve to remind us of our unique strengths as a sustainable food producing island. With the scale, efficiency, agility and, now, determination to move in unison, we have the potential to deliver sustained, and transformative, growth in the years ahead.

*Pathways for Growth* commits Bord Bia to continue to deliver programmes that are informed, meaningful and achievable. At this midway point in the journey, it is clear that many prizes lie within our grasp. The ultimate configuration of success will be decided by industry and determined by the current and future needs of their customers. I trust that this update will play a part in informing an evolving and open dialogue that sees the industry and its customers as partners in providing solutions to a more sustainable supply of food to the world's consumers.

WITH THE SCALE, EFFICIENCY, AGILITY AND, NOW, DETERMINATION TO MOVE IN UNISON, WE HAVE THE POTENTIAL TO DELIVER SUSTAINED, AND TRANSFORMATIVE, GROWTH IN THE YEARS AHEAD.

**Michael Carey**

Chairman  
Bord Bia

**Aidan Cotter**

CEO  
Bord Bia

# *Pathways:* Signals of success

*Pathways for Growth* – Bord Bia's multi-disciplinary five-year development programme – reaches its half-way point in 2013, providing an opportune moment to assess how the individual workstreams are performing and delivering value to the industry and its customers.



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## Progress in the workstreams:

# 1. Origin Green

In June 2012, Bord Bia launched *Origin Green*, a voluntary programme inviting manufacturers to sign up to the *Origin Green* charter, develop bespoke sustainability plans and, ultimately, deliver on a range of ambitious targets under the umbrella of sustainability.

Our vision is that, by the end of 2014, 75 per cent of Irish food, drink and horticulture exports will be sourced from *Origin Green* members, tending towards 100 per cent by the end of 2016.

While the journey will be challenging, the Irish food, drink and horticulture industry has shown extraordinary enthusiasm for the process and a determination to be amongst the leaders internationally on the sustainability journey.

### **SUCCESS SIGNALS:**

- To date, over 280 companies have signed up for the *Origin Green* Programme. Of these, more than 200 are at the development stage, some 50 have submitted plans and over 20 are now verified members of *Origin Green*.
- Currently, it is estimated that more than 50 per cent of Irish food, drink and horticulture exports are supplied by verified *Origin Green* members.
- Verified members have indicated that *Origin Green* is already beginning to play a role in winning new business.

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## Progress in the workstreams:

# 2. Entrepreneurship

In 2013, 11 Irish food entrepreneurial businesses graduated from Food Works, having concluded an intensive five-stage programme of training and mentoring, designed to fast-track the creation of food businesses of scale in Ireland.

### SUCCESS SIGNALS:

- In June 2013, three Food Works participants pitched to an audience of food investors. To date, three projects have been approved Enterprise Ireland HPSU (High Potential Start Up) funding, with a further two likely to secure funding in Q1 2014. A second Food Works programme has begun, building on the learnings of the original programme.
- The industry, across all sectors, has broadly and cohesively supported and engaged with Food Works. Irish food manufacturers, retailers Tesco and Musgraves and the IAPI (Institute of Advertising Practitioners in Ireland) have all assisted the programme.





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## Progress in the workstreams:

# 3. Education

Bord Bia's multi-tiered education programme is continuing to build the talent base of the Irish food, drink and horticulture industry with the core Fellowship programme recording its highest ever retention levels and the greatest potential sales value in 2012/13. The launch of the *Origin Green* Ambassadors programme, meanwhile, will open an exciting global dialogue on sustainability with Ireland at its heart.

### SUCCESS SIGNALS:

- Of the 25 fellows participating in the 2012/13 programme, 17 have been employed within the Irish food, drink and horticulture industry and 21 in the broader food industry.
- A potential business growth of €34 million is anticipated by the end of the programme, with the geographic scope extending to the Australian and Indian markets for the first time.
- The recruitment phase of the new MSc in Business Sustainability has concluded. In 2014/15, the programme's 10 participants will operate as *Origin Green* Ambassadors through placements with some of the world's leading food and drink customers.



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## Progress in the workstreams:

# 4. Innovation

Consumer insight has been identified as a core skills gap in the successful development of food and drink innovation. Bord Bia's Consumer Insight and Innovation team works across the food, drink and horticulture industry helping foster consumer-led innovation and sustainable growth. Established in 2011, it has championed the role of understanding consumer behaviour in the product development and innovation process.

### SUCCESS SIGNALS:

- To date in 2013, a record 54 individual projects have been undertaken through foresight4food, Bord Bia's consumer insight and innovation programme. The programme enables Irish companies to access best-in-class consumer research ensuring the consumer is at the heart of all brand development, new product development and marketing strategies.
- foresight4food also allows smaller producers to avail of a syndicated programme of consumer research that provides cost effective research, marketing advice and commercialisation for new products and brands. To date in 2013, 21 companies have participated.
- In November 2012, the *Branding and Insight & Innovation Workbooks* were launched to industry, providing a consumer focused approach to creating and developing brands, and bringing new products to market.
- The Consumer Lifestyle Trends programme continued in 2013, with over 50 companies engaging in presentations and workshops, ensuring that innovation and strategy take a longer-term, holistic view of consumer needs and wants.
- In addition to the trends programme, seven macro consumer insight and foresight studies were commissioned, including Feeling the Pinch, Tomorrow's Shopper and The Future of Frozen Food. The studies are designed with an eye on changes in consumer behaviour today and in the future.

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## Progress in the workstreams:

# 5. Co-opetition

A range of initiatives show that awareness of co-opetition has increased dramatically since 2010, with companies increasingly alert to the opportunity it represents. Co-opetition is being engaged in as a route to market, a marketing tool and a way to reduce costs and overheads.

### SUCCESS SIGNALS:

- The international potency of co-opetition has been highlighted through a diverse range of activities including the establishment of the China Hub and the development of EU-funded promotional campaigns.
- From a standing start three years ago, 75% of food, drink and horticulture companies seeking marketing support from Bord Bia say they have considered co-opetition in their business planning.
- Co-opetition is increasingly recognised as informing the collaborative interaction and overlap between *Pathways for Growth* workstreams.



## The five workstreams:

# Origin Green – a journey begins

With the launch of *Origin Green* in 2012, Ireland has responded to a key *Pathways for Growth* call to action and set out to become a world leader in sustainable food production



Working  
with nature

TO DATE, OVER 280 COMPANIES HAVE SIGNED UP TO THE PROGRAMME. OF THESE, MORE THAN 200 ARE AT THE DEVELOPMENT STAGE OF THEIR INDIVIDUAL SUSTAINABILITY PLANS AND OVER 20 ARE VERIFIED MEMBERS OF ORIGIN GREEN.

In June 2012, Bord Bia launched *Origin Green*, a voluntary programme designed to take Ireland to a leading global position in sustainability. By signing up to its charter, Irish food, drink and horticulture manufacturers commit to setting out, and delivering on, robust targets in the area of sustainability, such as raw material sourcing, manufacturing processes and social sustainability.

*Origin Green* is the first national and comprehensive programme of its kind, at farm and processing level, to be rolled out anywhere in the world and presents a major opportunity to differentiate its participants. Answering the growing demand from food manufacturers, retailers and foodservice operators for clarity, commitment and action on the issue of sustainability, *Origin Green* has been enthusiastically adopted in its first year. To date, over 280 companies have signed up to the programme. Of these, more than 200 are at the development stage of their individual sustainability plans and over 20 are verified members of *Origin Green*.

## Shaping success

The development of *Origin Green* was built on the call to action for an overarching 'Brand Ireland' in the original *Pathways for Growth* report.

The subsequent development process was multi-stranded and complex, with strategic thinking focused on unlocking the essence and values of the brand by understanding what it could represent for industry, who its audiences would be and how it would meet and

PLACEMENTS WITHIN  
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AND FACILITATORS  
OF SUSTAINABILITY  
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AWARENESS OF  
ORIGIN GREEN  
AND SUPPORTING  
POSITIVE JOURNEYS OF  
SUSTAINABLE GROWTH.

exceed their needs in a competitive context. Supported and informed by in-depth international research and key stakeholder input, significant milestones included recognition that the business-to-business route was the correct initial pathway and that robust and validated sustainability plans would be integral to its credibility.

The name '*Origin Green*' was widely embraced by industry and proved available for registration across multiple key geographies. The participation of actress Saoirse Ronan in a stunning audio-visual communication proved extraordinarily resonant; the sense of opportunity for industry to play its part in a development with long-term legacy potential was compelling.

## Message

Following its national launch, *Origin Green* was introduced to international trade audiences through European wide media itineraries and at the global trade fair Sial in 2012. Coverage achieved at this and at subsequent events has seeded a message in the international food industry that Ireland has laid claim to a future leadership position in sustainable food production. Further investment in this international message will fuel the necessary levels of *Origin Green* awareness and understanding to support business growth through verified members, drawing on the primary produce of a sustainable farm system.

With the recruitment of 10 global ambassadors through the MSc. in Business Sustainability this year, Bord Bia will germinate the message – fostering dialogue on sustainability across the international food industry and communicating the commitment of Irish manufacturers to *Origin Green*. Placements within multinational food and drink customers, beginning in 2014, will allow the ambassadors to become communicators and facilitators of sustainability excellence, building awareness of *Origin Green* and supporting positive journeys of sustainable growth.

## Action

The heart of *Origin Green* is planning and acting around sustainability. The involvement of the SGS Group – one of the world's leading inspection, verification, testing and certification companies – in verifying each company's plan has been important in establishing credibility. While there will certainly be challenges along the way, it is encouraging to note that the 20 plus companies verified to date represent, collectively, an estimated 50% of Ireland's food, drink and horticulture exports. The expectation is that, by the end of 2014, participant members will represent 75% of exports.

## Origin Green

### Impact

The feedback from some of *Origin Green's* pilot members speaks for itself in confirming the value of participation and the wide recognition of the need for strong, progressive and collective action on sustainability issues and the effective marketing of the beneficial impacts of those actions to international audiences.

**'Being a proud member of *Origin Green* benefits our business in maintaining existing customer relations, and more specifically, attracting new business partners, who share our passion, vision and journey for a more sustainable and eco-friendly future.'**

***Michael Hoey, Managing Director, Country Crest***

**'*Origin Green* is a fantastic initiative, and for us competing in international markets, having a sustainability programme which is so comprehensive and that is State endorsed, speaks volumes to our customers overseas.'**

***Margaret Daly, Director of Innovation, Errigal Seafood***

**'We have always been committed to doing business in ways that are good for our customers, our staff, the environment and the community. *Origin Green* provides a credible sustainability roadmap for the Irish food industry and we are proud to be playing a key part in this development programme.'**

***John McGrath, Business Development & Communications Director, Dawn Farm Foods***

**'We believe, to really succeed and achieve excellence in our business, that it is essential to have a thoughtful and integrated approach to sustainability – this is key for Irish Distillers, as well as Pernod Ricard.'**

***Sarah Connolly, External Communications Manager, Irish Distillers***

### The future

*Origin Green* is creating a significant point of differentiation for the Irish food, drink and horticulture industry at a pivotal time in the evolution of the sustainability agenda. As an evolving industry and farm-wide project, it will be supported by the dissemination of best practice on managing sustainability throughout the supply chain and will foster opportunities for members to share learning and knowledge among peers.

In addition to the competitive advantage to individual members, industry will benefit as a whole through Bord Bia's communication of *Origin Green's* cumulative sustainability improvements and its commitment to continue to invest in this independently verified programme. Success for Irish food, drink and horticulture producers will centre on capitalising on the many opportunities that will emerge, both in terms of leaner, more innovative and more sustainable business processes and farm enterprise and the calling card to customers that *Origin Green* represents in key markets around the world.



## Supporting sustainability in the producer base

The launch of *Origin Green* in 2012 was greeted with widespread enthusiasm across the food, drink and horticulture industry as providing a platform to garner, articulate and develop the sustainability of the sector. Combined with the journey to sustainability that has been well underway at primary production level for the last three years, the compellingly comprehensive nature of *Origin Green* becomes apparent. In 2011, the inclusion of carbon output measures among members of Bord Bia's Beef & Lamb Quality Assurance Scheme (BLQAS) for the first time saw it become the first national scheme in the world to measure carbon footprint on an individual farm basis. This initiative is now extending to encompass virtually the entire production base of Irish agriculture, with plans to measure, and improve upon, the carbon footprint of dairying, lamb, poultry, pig farming, horticulture and their associated processing sectors at various levels of progress.

### Shaping success

Through the work pioneered in BLQAS, Ireland now boasts a system of carbon footprint measurement with international credibility, and one that is constantly evolving in line with best practice. In August 2013, Bord Bia received confirmation from the Carbon Trust of certification for its latest system-wide carbon footprinting measurement and mitigation programme.

The development of the Teagasc-Bord Bia Farm Carbon Navigator Tool has brought tangibility to this process, as this computer application allows farmers to correlate directly between actions at farm level, carbon outputs and cost savings.

### A shared pathway

Sustainability is, here as elsewhere, a work in progress, and the next steps will include a deepening of the scope of the measurement metrics on farm to include water and biodiversity.

In a very real sense, this work is bringing *Origin Green* to life for Ireland's farming community by demonstrating the existing good practices and facilitating evidence of improvements on Irish farms.

### Action

The journey to sustainability, which began with beef, takes its most significant step forward in the coming months as it embraces Ireland's other major primary output, dairy.

Until now, the sustainability programme has evolved within existing Quality Assurance Schemes. With the support of Ireland's dairy processing companies, a new national programme is being finalised and will begin its roll out in early 2014, effectively securing 100% coverage of the industry. As with the beef industry, the audit process will see direct engagement with each individual farmer, delivering a measurement index that is without comparison globally in its level of detail.

With the abolition of milk quotas in 2015, the focus of attention in the dairy industry will, like beef, be around scale and efficiency in production.

## The five workstreams:

# Food Works – what entrepreneurship looks like

**Food Works is a structured response to a lack of high potential start-up enterprises in the Irish food, drink and horticulture industry, and has delivered on its promise of fostering market-focused innovation**

HARNESSING THE  
ENTREPRENEURIAL  
SPIRIT TO CREATE  
BUSINESSES OF  
SCALE AROUND  
ORIGINAL CONCEPTS  
BROUGHT TOGETHER  
THE COLLABORATIVE  
EFFORTS OF BORD BIA,  
ENTERPRISE IRELAND  
AND TEAGASC FOR  
THE FIRST TIME.

Launched in 2012, Food Works was a programme without precedent in the food and drink industry internationally and its goal of harnessing the entrepreneurial spirit to create businesses of scale around original concepts brought together the collaborative efforts of Bord Bia, Enterprise Ireland and Teagasc for the first time.

The Food Works journey was set out over five phases (see panel page 29) and proved to be an exceptional learning curve for everyone involved – not least the State agencies. This was an attempt to do something genuinely new: take a group of business people, whose ideas were at varying stages of development, to the point where they could pitch investor-ready plans to a relevant audience in the space of just over a year.

Early stages involved communicating the opportunity and inviting applications. With the beginning of phase 4, the selected candidates were brought together as a group and supported, educated and challenged as they travelled on the journey from concept to commercialisation. Intensive mentoring and workshopping brought them into contact with industry thought leaders and a virtual who's who of Ireland's leading food producers.



# FOOD WORKS

CREATING GLOBAL FOOD ENTREPRENEURS

**Bord Bia**  
Irish Food Board

**ENTERPRISE IRELAND**  
where innovation means business

**teagasc**  
Teagasc Food Research Centre

## Action

The final stage, Begin Your Venture, which centred on shaping an investor-ready business plan, saw Food Works whittled down to 11 candidates. With it, the level of challenge notched up considerably. Additional business advisers with specific skills were brought in to support the individual projects and the level of detail expected became more granular. Product development became an increasingly important part of the process and over 180 days of Teagasc research were invested at this final stage to support product development. The final stage also focused heavily on building the brand story and Bord Bia was delighted to get the support of the Institute of Advertising Practitioners in Ireland (IAP) at this stage. With the support of some of Ireland's leading advertising agencies provided for free, the entrepreneurs developed their brands – and were encouraged to recognise that this was far more than simply about packaging design or advertising execution; it was about creating a story others could invest in. Retailers Tesco and Musgraves provided invaluable feedback and insight to the participants on their products, allowing them to further refine their brand direction to ensure greater viability in the marketplace.

Of the 11 final stage candidates, three presented at an invite-only investor evening. To date three have been approved Enterprise Ireland HPSU funding and a further two look set to follow in 2014.

## Early successes

While most of the companies remain in the early stages of commercialisation, exciting stories have emerged from the Food Works programme.

**'Food Works was essential in gaining us access to food science expertise, manufacturing contacts and best-in-class advice in all aspects of launching a food brand.'**

***Len Dunne – Elivar and Food Works participant.***

**'Food Works, in essence, fast-tracks your food business idea, opening doors and allowing you to focus your idea.....everyone is time poor nowadays, but Food Works assists in managing your time while bringing your new food business idea to fruition.'**

***Colin Ross and James Grimes – IASC and Food Works participants.***



## Food Works

### Food Works 2

Launched in March 2013, Food Works 2 builds on the experience of the original Food Works. It retains the same pathway of progress and focus on entrepreneurship and scale but, recognising that the NPD process can be a long and complex one, has adjusted the entry criteria to make kitchen samples a requirement.

Technical and delivery aspects of the programme have also been redesigned, to allow more time to progress ideas away from the classroom. Where, originally, learning was structured around consecutive modules, Food Works 2 sees these inputs being delivered side by side.

Food Works 2 has an even greater focus on in-depth consumer research, which can be facilitated earlier as the participants will enter the programme with kitchen ready samples.

All in all, Food Works 2 will be a more refined and sharper programme, one that can more effectively monitor progress and better support it.

A more rigorous selection process has resulted in smaller starting group, 14 in 2013, but the expectation is that the attrition rate will be much lower. Food Works is not a numbers game – and the goal of all the State agencies is to ensure resources are channelled effectively on quality propositions.

### Scale and capacity

As Food Works gains traction and credibility, its success stories will speak for themselves. Bord Bia's vision is to support a continual stream of HPSUs and a visible process of success that will attract high calibre entrepreneurs from Ireland and abroad. Food start-ups will always carry with them a certain level of uncertainty and risk but Bord Bia believes Food Works can facilitate an ecosystem that will ultimately result in new businesses of scale and capacity emerging in Ireland.

TECHNICAL AND  
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PROGRESS IDEAS AWAY  
FROM THE CLASSROOM.



Food Works consists of five stages:

### **Plan your path**

Briefing sessions with professional bodies, attendance at focused events and a national media campaign all served to attract interest in the programme.

### **Immerse yourself**

An intensive one day boot camp in UCD with information and talks allowing the participants to assess their current idea from a consumer, technical and commercial perspective.

### **Book your place**

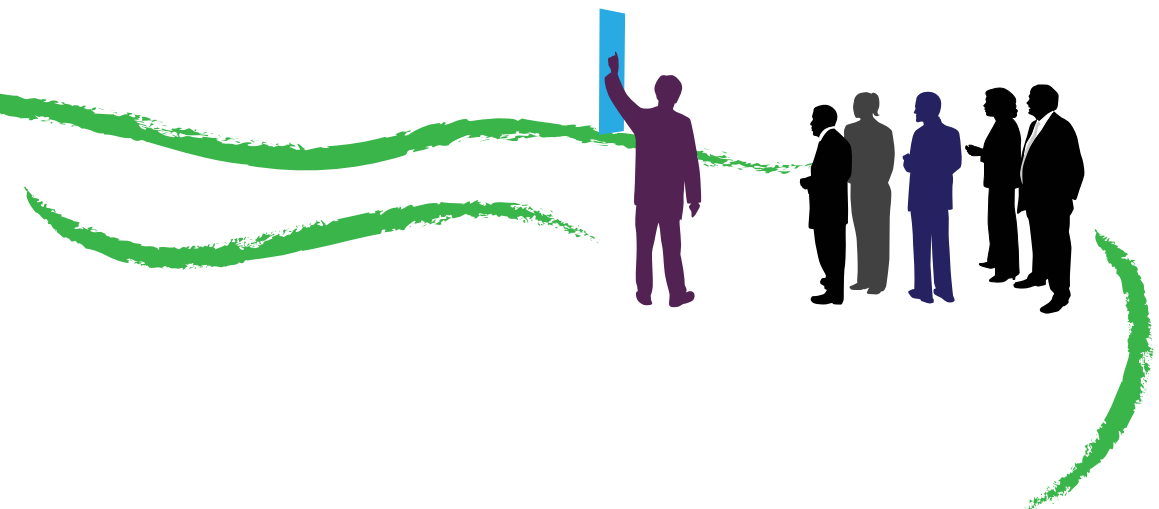
Interested parties make their applications. In 2012, 28 were selected to progress to the next stage, in 2013 the figure was 14.

### **Take your first steps**

Based in the Guinness Enterprise Centre, the Food Works entrepreneurs are provided with a suite of services along with a €5,000 feasibility grant. Here they begin a process of learning and mentoring to stress-test their ideas

### **Begin your venture**

In November 2012, as part of the first Food Works, 11 business ideas took the next step and the programme of training and mentoring to create business-ready investor plans intensified. In June 2013, three companies presented these plans to a selected audience of investors. To date, three Food Works programmes have been approved for Enterprise Ireland HPSU funding and a further two are set to follow in 2014.



## The five workstreams:

# Education

**Investment in education was recognised by *Pathways for Growth* as key to attracting the brightest and best to the Irish food, drink and horticulture industry and the 2012/13 programmes confirm that the talent pool continues to grow**

Bord Bia's education initiatives have been one of the core pillars of *Pathways for Growth* and deliver high calibre graduate and post-graduate talent to the food, drink and horticulture industry. The initiatives are as follows:

- Bord Bia Marketing Fellowship – 20 to 25 graduates with industry experience complete overseas commercial assignments for Irish companies as part of their MSc in Marketing Practice.
- *Origin Green* Ambassadors Programme – In 2014/15, this new two-year programme will see 10 participants gain an MSc in Business Sustainability as they open conversations on sustainability and *Origin Green* through placements with some of the world's leading food and drink companies.
- Food Export Graduate Programme – An 18-month programme, run in conjunction with IBEC, which places graduates in Irish companies and includes an overseas element, usually in a key or evolving market for the client company.
- Food Industry Strategic Growth (Alumni) programme – Industry professionals enhance their long-term career opportunities through leadership-defining projects. This programme has been restructured for 2014, and will be delivered over a more focused nine month period.

## Fellowship success

The Marketing Fellowship is arguably the centrepiece of Bord Bia's education programme, positioning, as it does, experienced market professionals directly at the coalface of the sales opportunity. In 2012/2013, the fourth Bord Bia Marketing Fellowship programme saw 25 fellows operate in 14 markets – including, for the first time, India and Australia – serving 76 Irish companies and undertaking 100 commercial assignments.

At the programme's conclusion in June, Bord Bia was pleased to note some of the highest-ever satisfaction rates among both client companies and fellows. This year, the estimated potential sales value of the programme was €34 million, up from €31 million last year, while 100% of fellows said they would recommend the programme to their peers.

One of the most significant markers of the success of the programme continues to be the high retention levels of graduates within the industry. A total of 21 fellows from the 2012/13 programmes went on to be employed in the food industry, with 17 of those working for Irish food, drink and horticulture companies. This record high signals the increased credibility of the Marketing Fellowship programme across the industry, as well as the high calibre of the fellows themselves. The fifth Fellowship programme is now underway with 20 talented executives, and Bord Bia looks forward to continuing to support the ambitions of Irish companies in new and evolving markets.



## Food Marketing Graduate and Strategic Growth Programmes

The second **Food Marketing Graduate programme** began in January with 15 participants taking positions in six international markets for 10 Irish companies. Unlike the Marketing Fellowship programme, where multiple clients are managed, the Food Marketing Graduate programme centres on individual companies, offering a full-time resource in their market of choice. It has a particular appeal to companies with a broad focus across multiple markets and the level of uptake among industry and graduates alike points to a strong role in connecting the pipeline of talent from third level education to industry.

**The Food Industry Strategic Growth programme**, tracking the Fellowship, concludes its fourth wave in 2014. Feedback from participants will see significant changes introduced in the fifth programme, the most important being a concentration of the learning modules to reduce the overall span of the programme from 24 to 9 months – allowing it to function more fluidly within the conventional academic year. The programme will continue to demonstrate the same rigour in its approach as it develops the senior leadership capacity in the industry. To date, it has played a particularly strong role in terms of talent retention and, in the 2012/2013 programme, some 70% of participants were graduates of the Fellowship programme. The new course structure will allow the Strategic Growth programme to strengthen its appeal to industry figures, particularly among those who wish to augment their practical experience with a formal qualification and develop strategic projects that will benefit their company. A strong overlap with the goals and ambitions of *Origin Green* is likely to be reflected in future course content and direction.

## Ambassadors

The development of the *Origin Green* Ambassador programme marks an exciting departure for Bord Bia's suite of educational services. Centred on a Masters in Business Sustainability, it will see the recruitment of 10 ambassadors who will develop extensive knowledge around the issues of food business sustainability over a 23 month period. Between January and May 2014, the ambassadors will secure a placement with a major international food company and, between June 2014 and July 2015, will be placed in markets throughout the world, bringing the ambassadorial role to the fore.

The Masters in Business Sustainability can be seen as an educational reinforcement of the *Origin Green* workstream. It will build the knowledge base around sustainability in Ireland and abroad, supported by the infrastructure of the Smurfit Business School and the additional academic rigour of learning institutions that include the Ivy Business School, Canada; Harvard Business School, USA; and INSEAD, France. This cohort of talent will be crucial to Ireland being recognised as a leader in sustainability globally.



## The five workstreams:

# Innovation – Commercialisation built on consumer insight

**Ensuring innovations are successful and sustainable remains a strategic priority for Bord Bia. The Consumer Insight and Innovation team has continued to embed consumer needs and behaviours into the innovation process.**

### Understanding

Bord Bia's approach is to develop a new innovation culture across the industry that delivers a balanced pipeline for sustained growth. This is done by working with industry to deliver a stream of product improvements and line extensions that create noticeable differences for consumers and customers; drive brand competitiveness in the market; and develop a number of meaningful innovations that will drive export growth.



Perhaps the most important development in terms of enhancing understanding around innovation is that product development and brand creation are not simply about getting a new product to market. Addressing the high rate of NPD failure across industry internationally points to a need for innovation processes underpinned by a deep knowledge of consumers and the critical role of marketing supports.

The Consumer Insight and Innovation team work across the industry to embed a culture of consumer-centric processes, leading to sustainable, scalable innovations.

Sustainable innovations are driven by consumer needs and have clear product differentiation, proven growth drivers and, through consistent focus and support (both in terms of people and money), create significant value over a sustained period of time.

Bord Bia's innovation processes, working with industry partners, ensure that commitment to new products and brands are realised over the long term.

## Activities

- The foresight4food programme is at the heart of Bord Bia's commitment to product and brand innovation. To date this year, 54 individual innovation and branding projects have been conducted; 30 in the Irish market and 24 in markets overseas. While the UK and continental Europe remain important targets, projects were undertaken in markets such as Singapore, Senegal, Australia and the USA.
- Smaller producers can avail of a syndicated foresight4food programme of consumer research that provides cost effective research, marketing advice and commercialisation for new products and brands. To date in 2013, 21 companies have participated. These companies range from start-up companies to small businesses operating in the artisan sector.
- Also, as part of foresight4food, the team runs Inspiration Expeditions. These observational tours encourage lateral thinking for stage one innovation and branding ideas. Creative insight can come from new bars, restaurants, retailing outlets and, indeed, anything new and exciting. Over the past year, expeditions were conducted in Cape Town and New York.
- In November 2012, the *Branding and Insight & Innovation Workbooks* were launched to the food, drink and horticulture industry. The Workbooks were developed by the Consumer Insight and Innovation team and are based on best practice from the most successful consumer-led organisations from around the world. The Workbooks provide a consumer-focused approach to creating and developing brands, and bringing new products to market.
- The Consumer Lifestyle Trends programme continued in 2013, with over 50 companies engaging in presentations and workshops. The programme provides macro-level consumer trends and insights across the medium to longer term. This ensures that innovation and strategy take a longer-term holistic view of consumer needs and wants.
- In addition to the trends programme, seven macro consumer insight and foresight studies were commissioned. These included global studies on *Healthy Ageing* and *The Future of Frozen Food*, and studies in Ireland and the UK such as *Feeling the Pinch* and *Tomorrow's Shopper*. The studies are designed to encourage companies develop their marketing and innovation strategies with an eye on changes in consumer behaviour today and in the future. They have gained widespread credibility for Bord Bia as a 'go to' organisation for leading edge research on consumer trends.
- Export markets hold the key to scalable, sustainable innovations for Irish food, drink and horticulture producers. Over the past year, the workstream of the Consumer Insights and Innovation team has included ethnography and brand development for the industry's two largest export sectors. Ethnography is an anthropologically-based form of consumer research that provides a deeper understanding of culture and behaviour. Studies were conducted in developing markets for the dairy sector. Brand development insight generation for the meat sector included studies in The Netherlands, Italy and the US.

## What does success look like?

Success in innovation will see an industry moving from production-led orientation to one that recognises the consumer and their needs throughout the innovation process. Success will not be measured in the number of product or brand launches, but in the delivery of scalable, sustainable innovations. Success in the future will involve an industry that understands what the consumer wants, that underpins its decisions with hard data, and that ultimately persuades more and more consumers to make Irish food, drink and horticulture products part of their lives.

## The five workstreams:

# Co-opetition

**Co-opetition brings competing companies together to secure new wins in the marketplace and has become emblematic of the cultural 'key change' that is underscoring *Pathways for Growth***

THE MOST STRIKING  
EXAMPLE IS ARGUABLY  
THE IRISH DAIRY  
BOARD, WHICH, FOR  
MORE THAN HALF  
A CENTURY, HAS  
BROUGHT COMPETING  
IRISH DAIRY  
PROCESSORS TOGETHER  
UNDER IRELAND'S  
MOST GLOBALLY  
SUCCESSFUL FOOD  
BRAND KERRYGOLD.

Co-opetition was, essentially, an unknown quantity when *Pathways for Growth* introduced it to the Irish food, drink and horticulture industry in 2010.

For many, the idea was initially a challenging one, bringing issues of trust and engagement with competitors to the fore. However, under different guises, the idea of working together for mutual advantage has considerable traction in the Irish food, drink, and horticulture industry and has historically been used to address the issue of scale. The most striking example is arguably the Irish Dairy Board, which, for more than half a century, has brought competing Irish dairy processors together under Ireland's most globally successful food brand Kerrygold.

The journey of co-opetition as a workstream of *Pathways for Growth* has been a measured one, largely because of the significant cultural change it represents. Nevertheless, from a standing start, awareness of co-opetition has grown across industry, approaching 60% among micro and large companies. A survey of applicants for Bord Bia's Marketing Assistance Programme funding in 2012 found that, of the 186 companies who were awarded grants, 75% of these could provide examples of co-opetition in their business practices, across a diversity of activities. Distribution and logistics were particularly well represented, and notably strong in this regard were seafood, farmhouse cheese and consumer dairy companies. Tourism initiatives – building on the original *Pathways for Growth* call to action around the 'come see us' message – was also strong, with an evolving awareness of the opportunity for local food tourism through co-opetition among local growers, producer groups and county food networks.

## Action

Bord Bia has played an active role in assisting co-opetition projects since 2010. In all, 28 individual projects, involving over 200 Irish food, drink and horticulture companies have been initiated in the area of promotion, procurement, market access/trade, logistics, and mentoring. Notable activities include the opening of Bord Bia's China Hub in Shanghai; the gaining of EU funding for promotional activity by mushroom and cheese producers; and the recent introduction of the business referral award programme. Beyond Bord Bia, new ways of doing business reflect a changed idea of how resources can be best utilised, for example in collaborative arrangements such as farm partnerships and some exciting initiatives among Irish seafood producers. Building a robust culture of co-opetition in the industry so that it is a 'top of mind' activity will continue to require leadership from within industry. The development of *Origin Green* and linked activities is likely to provide a significant spur to drive the kind of behavioural changes needed.

## An evolving culture

At this midway point, what is striking to note in the *Pathways for Growth* programme is that co-opetition, in addition to being a distinct workstream, has come to characterise the sense in which the different elements of the programme have begun to leverage each other and, through this interplay, have become stronger than they might have been individually.

Ultimately, the direction of our industry will be decided by the collaborative actions of competing companies, whether on a micro or macro scale, and the success of co-opetition will be judged by the willingness of stakeholders to recognise the interdependency of this progress. In this scenario, the question 'what have we done through co-opetition' will not be the important one in the future, but rather 'what would have happened if we had not considered co-opetition?'



[illegible]





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For more information, contact:  
Bord Bia, Clanwilliam Court, Lower Mount Street, Dublin 2  
Tel: (01) 668 5155  
Email: [info@bordbia.ie](mailto:info@bordbia.ie)  
Web: [www.bordbia.ie](http://www.bordbia.ie)

