



Brief Bytes

Email update from Alliance Group - your co-operative & partner in farming excellence



Brief Bytes

In this issue:

- Strategy update
- Project Management Office
- Butchers' faults
- Road-shows
- Visiting our customers
- European venison trial
- Government Minister Steven Joyce visits Pukeuri
- Market update

Strategy update

Over the last 12 months, we've talked a lot about our business strategy, which is designed to improve your co-operative's performance and lift returns to you, our farmer-shareholders. A year into the programme, we are seeing significant progress and measurable results.

Our strategy is focused on safety, lowering our cost base, securing farmer supply, market development and aligning our people capability. We have our sights firmly set on transforming the shape of the business. The extensive range of projects we have underway is being driven by our Project Management Office.

Project Management Office

The Project Management Office was established in September last year with Nigel Jones (right), General Manager Strategy, providing oversight and support from Kerri Johnstone and Nigel James. The office works across all our different projects to ensure we remain on track and measures the benefits that are coming out of the programme. The office works alongside our people, coaching and encouraging and promoting a culture of learning through experience in terms of what is working well and what we could be doing better. We currently have 140 projects under way and 59 have already been delivered. Results to date are extremely encouraging. Two project analysts have now joined the Project Management Office and its work is extending further across the business. This will include working with teams such as New Product Development and Engineering, bringing everything into one discipline and ensuring better management of our resources and our people. Just one of the programmes to have achieved measurable improvements is the Butchers' Fault Project.



Butchers' Faults Project



This project is lifting value for farmer-shareholders by reducing butchers' faults – damage to pelts from the slaughter process, resulting in fewer skins being downgraded. There are several stages – manual and mechanical - to remove a skin with potential for damage to occur at any of these. Butchers might nick the skin or machinery may strain or stretch it, however damage isn't noticeable until the Fellmongery stage.

The project, driven by Dick Harper, Group Production Manager for Co-Products, has intensified the measurement and feedback process and boosted communication.

Fellmongery staff now provide the slaughterboard with more timely feedback. This has enabled us to better target pinch points in the chain and develop solutions. Sometimes, it's down to techniques and training or adjusting machinery. It's also about raising awareness and sharing information back to workers swiftly – and it's proving extremely effective.

Each site set up a project plan, identified initiatives, and worked to implement these. The project included identifying a project leader at each site, such as Mac Lindsay, Fellmongery Supervisor at our Lorneville plant, who recently met with our senior managers and board to outline how well the initiatives are working.

Roadshows coming your way

From next month, farmer-shareholders will get the chance to hear from Alliance Group management and directors at roadshows across the country. There will be around 19 roadshow events in October with a mix of morning, afternoon and evening events so we can accommodate as many of our farmer-shareholders as possible. We encourage you to bring your partner and new shareholders.

Right: David Surveyor – Roadshow 2015.

Below: Roadshow 2016 Schedule.



ROADSHOW SCHEDULE | October 2016

Date	Location Venue	Time
Tuesday 4	Darfield Darfield Rugby Club	2:30pm
Wednesday 5	Waiau Amuri Golf Club Omihi Scargill Golf Club	2:30pm 7:30pm
Monday 10	Masterton Copthorne Solway Feilding Rangitikei Club Dannevirke Dannevirke Services & Citizens Club	10:30am 2:30pm 7:30pm
Tuesday 11	Fairlie Mackenzie Rugby Club Five Forks Five Forks Hall	2:30pm 7:30pm
Wednesday 12	Kurow Kurow Rugby Club Middlemarch Middlemarch Golf Club	2:30pm 7:30pm
Thursday 13	Heriot Heriot Community Centre Omakau Matakanui Rugby Club	10:30am 2:30pm
Monday 17	Northern Southland TBA Otautau Otautau Sports Complex Gore Longford Function Centre	10:30am 2:30pm 7:30pm
Tuesday 18	Fortrose Tokanui Golf Club Balclutha South Otago Town & Country Club	2:30pm 7:30pm
Thursday 27	Nelson Waimea Rugby Club Blenheim Quality Hotel	2:30pm 7:30pm

Visiting our international customers

We're focused on ensuring we continue to meet the needs of our customers and strengthening our relationships to drive business growth. Members of our sales team are currently travelling to various markets across the globe to set up contracts for next year, discuss potential volumes, new opportunities and new product forms. This has included visits to North America, Europe, Germany and Sweden and the Shanghai Leather Fair. The last visit during October will be a focus on the UK and attending the SIAL food exhibition in Paris.

Encouraging signs from European venison trial

There have been encouraging results from a recent trial with Belgium retail giant Metro Cash & Carry to promote Alliance Cervena™ venison as a summer product to Europe's food service sector. We dispatched weekly shipments of chilled venison, including legs, French rack and tenderloins, processed at our Makarewa and Smithfield plants, to Belgium from April through until August. The programme targeted the food service sector, including chefs, hotels and restaurants. There were demonstrations and tastings, in-store displays, advertising, mail-outs, special offers, social media activity and a two-day farm-themed workshop, which showcased selected products to 80 chefs. The enthusiastic response from chefs show there is potential to position Alliance Cervena as a premium meat that is consumed year-round, and generate additional value for farmer shareholders. The venison marketing initiative is part of the \$16 million seven-year Passion2Profit (P2P) joint venture between the New Zealand deer industry and the Ministry for Primary Industries under the Primary Growth Partnership (PGP).



Visit by Government Minister Steven Joyce

Minister for Economic Development Steven Joyce and Waitaki MP Jacqui Dean recently visited Alliance Group's Pukeuri plant in Oamaru. They toured the plant and were impressed by the innovation in the processing, in particular, the \$7.5 million new primal cutter. Rangitata MP Jo Goodhew also visited the Smithfield plant recently.

Picture: Minister Steven Joyce (left) and Pukeuri plant manager Geoff Proctor.



Market update

Lamb

We expect to conclude negotiations for chilled lamb to the UK within the next few weeks. Demand in Europe remains firm, on the back of low supply, particularly for middle cuts. Christmas negotiations are also due to get underway. We are still seeing strong demand in North America, especially for middle cuts. Prices remain firm but increased Australian supply is expected to have some impact. Limited in-market inventory is also assisting with firm demand and pricing in the Middle East. The Chinese market remains sluggish with local production in full swing but some improvement is expected as consumption increases during the winter months.

Mutton

Low supply out of New Zealand is assisting with demand in several areas including Malaysia, North America and Taiwan and there is interest from the EU in higher value cuts.

Venison

Chilled production is building as we prepare for the European game season and we are also seeing more activity in other markets including the US and UK.

Beef

With low seasonal levels, there are no major changes with kills. Chilled demand and Asian markets remain steady. Buyers in the US are currently cautious after recent downward price movements. However, the US domestic cow kill is currently being evaluated and there is some chance that forecasted kill volumes may be lower than expected, which could help longer term market sentiment.