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1. The Global Business of Food

The International Food Symposium is held every year in Canada. The overwhelming message sent from the 2005 symposium was understand **the consumer**. Emphasis is on constant reminders to understand the trends or you will get left behind. There is a short video available on line and a longer video that can be purchased containing comments from contributors from Brazil, Germany, Netherlands, UK, US and Canada.

The video also discusses

- How food retailing is going to change in the next decade
- Who are the new winners and losers in global food production
- What are the emerging food products and areas that are making money
- How environmental issues are impacting on the food industry

You can download the short video free and order the longer video at:
<http://www.theinnovators.net/food/>

All the above prove yet again the opportunities for Ostrich production in a commercial environment.

2. Measurements of Business Performance

Agriculture has changed dramatically over the past few decades making it more competitive. The message increasingly is that small farmers cannot survive working alone. Several of the speakers in the above video make this point.

Newsletter No. 30 discussed the difference in a Supply Chain approach for marketing agricultural products and a Value Chain approach. There is little doubt that if not operating as a fully vertically integrated operation such as Tysons in the US with their Pork and Poultry business, a Value Chain approach is becoming increasingly important for smaller producers to remain competitive. Working as a group establishes economies of scale, improved financial security and increased efficiencies.

Newsletter No. 30 referenced that the **Red Meat Industry Forum (RMIF)** in the United Kingdom will be reporting the results of a 3 year study at the conference in November. They commissioned a research team at the University of Cardiff to carry out these studies. There

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are several interesting factors they are highlighting. The papers referenced can be downloaded and viewed at:

<http://www.cf.ac.uk/carbs/lom/lerc/research/FPIU/publications%20pages/PublicationsbyAuthor.html> It is to be remembered that the RMIF was set up to help UK red meat producers to become more competitive as they were increasingly becoming inefficient when measured against countries such as the US and Brazil. [note: carbs in the address above is Cardiff Business School]

The Brazilian contributor to the video referenced in Item 1 above mentioned Brazil producing and exporting grains. He went on to state that producers recognised that if they added value in Brazil they could increase the value of their exports significantly. That thought process has driven their increased production in pork, poultry and of course beef. They are now major exporters not only of soya and maize but also of meat protein.

a. Lean Thinking

The studies reference "Lean Thinking" and how it can be applied to agriculture. What is lean thinking? The central theme of lean thinking is the elimination of waste -the waste of time, the waste of money and the waste of resources. Lean thinking was first applied to car manufacture and then progressed to many manufacturing processes. If we apply the concept to ostrich production at the current situation, we have very significant waste and areas that can be improved. It is not a case of technology not being known, it is simply a case of the technology not being applied across sufficient production units for our industry to make the transition to commercial production.

Reminders of waste in our industry at the most basic level are evident when studying Kim Bunter's production figures reported in Newsletter No. 25. Imagine how much more efficient we can be if we were to increase the slaughter birds per egg from more than 2 eggs required to produce a single bird to say 1.1 eggs.

Imagine how much more efficient we can be when producing slaughter birds with 40 kgs of boneless meat in 40 weeks instead of 25 kgs of boneless meat in 52 plus weeks.

Improvements in those two most basic areas will make a very significant difference to the speed of development of our industry.

b. Value Chain Mapping

Value chain mapping is the analytical process of examining which steps and tasks add value and which do not. The above referenced studies analysed from "farm to plate" systems incorporated to improve efficiency and profitability of UK producers. There are two excellent case studies:

Producer quote: *Case Studies from the Red Meat Industry Forum and the Food Chain Centre's Value Chain Analysis (VCA) file show exactly why this particular RMIF scheme is in such demand from companies within the red meat sector.*

A particularly interesting project, which involved Whitbread's chain of Beefeater restaurants, one of its major suppliers (the Chitty Food Group) and the Isle of Wight beef farmer Andrew Hodgeson, led to substantial benefits right throughout the supply chain.

In a journey that took the project team to South America to see how farmers' methods differed there, the participants developed a more efficient approach to working in the Beefeater kitchens, a more effective ordering system and a different pattern of shift working.

Other benefits included: improved logistics, reduced waste, increased efficiency through the chain.

Welcoming improvements- -Alejo Desprats, of Chitty Food Group said: "The VCA helped us look at our mutual business through a new pair of glasses. It has been a great help."

Before the top managers from the two companies and the farmer himself, as well as two experts from Cardiff Business School, put this supply chain under the microscope they agreed that there would be no secrets and no areas would be 'out of bounds'.

Mr Hodgeson said: "It's the first time I have ever sat down with my customer and my customer's customer. It's helped me understand what they want and why. I also have a much better understanding of my competitors and the standards I need to grow my business."

Meanwhile, Whitbread/Beefeater was so impressed that it intends to apply the VCA approach to other areas of its business.

Although the search for the perfect steak had involved a lot of effort and time, "it has identified significant savings for Beefeater," said category manager Nick Martell-Bundock. end quote [extract from Focus the Food Chain Centre's Summer 2004 Publication]

Processor quote: *Tesco strengthens sausage chain.*

Tesco has ambitious plans to boost the efficiency of its pork sausage supply chain, as part of a project organized by the Food Chain Centre and the Red Meat Industry Forum.

The initiative was set up to find ways for all those involved in the process of getting pork sausages from farm to supermarket shelf to reduce waste and downtime. It is being spearheaded by a team comprising a farmer, a pig marketing company, an abattoir, a sausage manufacturer and the retailer itself. The idea behind a team drawn from every stage of the pork sausage supply chain was to identify and implement improvements that companies could not achieve working alone.

"For the first time we had the opportunity to work together with all partners in the supply chain to make decisions based on a clear and analytical understanding of the whole picture," said Tony Suckling, director of the pig marketing company Porcofram.

Understanding the needs of the final consumer has been key for all suppliers. Pig farmer Jon Easey said: "This is the first time I have been directly involved in a constructive project with any chain members beyond my immediate customer. The opportunity to work directly with the retailer was particularly valuable in understanding what the customer really wants."

Some of the challenges identified by the team included:

- *Despite seeing examples of industry best practice, almost 20% of production was lost through mortality rates, rejects, damaged goods and the like.*
- *Total product transport was 500 miles or 31 hours, including 180 miles for live pigs*
- *Average on-shelf life product availability was less than 95%, well below Tesco's target figure;*
- *it took seven days for stock to travel from abattoir to supermarket, or 185 hours from farm to shelf. During this time, "value adding time" - the time during which the product is being transformed rather than just waiting or being moved - was just 1.4 hours.*

The group wants to cut defects and losses by half - this includes everything from pig mortality at the farm, to rejects in processing, damage in transit and theft and unsold products in retailing. It also plans to cut by 74% the time the pigs spend travelling and by a fifth the total time from farm to shelf.

The group has proposed radical changes to the supply chain, including restructuring the pig supply network and the production line, and new packaging and procedures in store. Changes have been made on the principle that companies reap any cost savings

in proportion to the investment made, with every partner benefiting from the sales uplift from a better delivery and quality performance.

Every member of the group visited each site and stage of the supply chain and was able to make suggestions on making it more efficient. The investment in time was significant: each member had to devote 10 days to the project over three months.

The team's recommendations include:

- *Improving the system of pig production through better feed rations, reducing transport times e.g. by linking farms and abattoirs in the same area.*
- *A more automated meat processing plant, with rapid chillers and ultrasonic devices to check the value of carcasses for different consumer products more accurately.*
- *A leaner flow line for the sausage manufacture to reduce physical handling;*
- *A better way for shop staff to identify different products in their cases in the back store to improve on-shelf availability.*

Tesco's Matt Simister, category director for meat, poultry and fish, said the project has got off to a "great start", adding: "We have a framework to work co-operatively with our entire supply chain and to make improvements that will benefit British farmers and processors as well as Tesco, and, most importantly, the consumer." End quote [extract from Focus the Food Chain Centre's Summer 2004 Publication]

c. **Quality Filter Mapping**

Quote: *The three components of the quality measure are total loss, partial loss and rework. It uses case study data from a lamb chain to investigate losses through breeding, production, processing, and distribution to the retail shelf. The paper reports findings in terms of quality figures for total loss, partial loss, rework/repair and administration. This evidence highlights quality issues in breeding, production, processing, and retail store.* end Quote [Supply Chain Quality Analysis in the UK Red Meat Industry]

The resulting map identified three different types of quality defects that may occur in the supply chain.

- Product defects – are defined as defects in goods produced that are not caught by in-line or end-of-line inspections and are therefore passed on to customers.
- Service Defect – is problems given to a customer that are not directly related to the goods themselves (late or early) together with incorrect paper work or documentation.
- Internal scrap – refers to defects produced in a company that have been caught by in-line or end-of-line inspection.

The researchers identified areas that had:

- Total Loss (TL) - example given mortality of livestock
- Partial Loss (PL) - example given quality of the butchery
- Rework/Repair (R) - example given repackaging required as a result of damage

With ostrich the area of Total Loss we can all identify with is the mortality aspect, as it is continually being referenced as a major factor affecting profitability. We can add total loss of eggs that never get to the incubator or fail to hatch.

Areas of Partial loss I have repeatedly witnessed are things like:

- skin damage during farm production
- skin damage from nicking at removal
- damage to the muscles during skin removal
- bruising
- pale coloured meat requiring removal
- inefficient boning out

d. Value Stream Mapping

Value stream mapping is a paper and pencil tool that helps you to see and understand the flow of material and information as a product or service makes its way through the value stream. Value Stream Mapping gives you the tools to stand back and identify the waste in your business and to streamline processes to get rid of waste. Think of it as your personal magnifying glass and your source for solutions to eliminate that waste.

Value stream mapping:

- 1) Gathers and displays a broader range of information than a typical process map.
- 2) Tends to be at a higher level (5-10 boxes) than many process maps.
- 3) Tends to be used at a broader level, i.e. from receiving of raw material to delivery of finished goods.
- 4) Tends to be used to identify where to focus future projects, subprojects, and/or kaizen events.

A value stream map takes into account not only the activity of the product, but the management and information systems that support the basic process. This is especially helpful when working to reduce cycle time, because you gain insight into the decision making flow in addition to the process flow. It is actually a Lean tool.

The basic idea is to first map your process, then above it map the information flow that enables the process to occur.

In one project the team followed the process from farm to plate for a full 7 days. This study highlighted that from breeding to the shelf 62% of product survived the journey to the shelf, 64% did so without partial loss and 54% required no rework, they calculated a chain quality effectiveness of 23%. This provides a benchmark figure to evaluate future performance.

e. Time Mapping

It is interesting to note that under time mapping the scientists were challenged to quantify time taken by maturation during the post slaughter phase of the value adding process and concluded Time Mapping could not easily be applied at the value adding stage of red meat production. The lack of experience at the livestock rearing end of the chain was exposed in this area as I could find no reference to time mapping during the farm production portion of the production process where there are many areas to introduce cost savings as a direct result of incorporating the right management systems. Some examples are:

- shortening the age to slaughter
- incorporating efficient feeding systems that do not compromise feed conversion efficiencies
- the impact of the stockman on production (challenging to quantify under any scientific criteria, but of critical value to any production livestock operation)
- open layout for feeding and cleaning

The profitable main stream livestock operations are extremely efficient in these areas.

Some areas of particular interest to ostrich:

- The significant positive impact on profitability of slaughtering many weeks earlier than is currently the norm (and with increased meat yields over the current industry very poor average).
- Many feeding systems used with ostrich currently require entry into the pen. Significant time savings can be achieved with fence line feeding.
- Time saved with fence line feeding introduces further benefits, such as:
 - o More frequent feeding times to achieve increased feed intake resulting in faster growth and improved feed conversion
 - o Improved ability to observe feed intake
 - o Improved ability to clean feed troughs
 - o Improved ability for management to observe staff standards of work

f. Summary

Meat production today is an industrial process. Consumers today in first world economies are looking for meat from animals that are raised in a respectful manner, but to achieve that still requires efficient systems for producers to remain competitive.

3. South African Ostrich Meat Exports Resume

The South African Ostrich industry made the announcement at Anuga earlier this month that the EU has lifted the ban on export of ostrich meat. Still operating a 14 month slaughter policy, the announcement has come at the start of their new slaughter season.

4. Klein Karoo take over Exotan

The Klein Karoo have announced they have taken over Exotan, the exotic skin tannery based in Port Elizabeth. Exotan were shareholders in Camdeboo Slaughter Plant based at Graaff-Reinett, more recently operating as Camexo.

This move will undoubtedly be a direct result of the devastation the Avian Influenza outbreak caused to the Eastern Cape Ostrich Production. The Eastern Cape producers culled on farm all infected birds immediately; the cull included a large number of breeders. The same rules were not applied to the producers in the Western Cape, the majority who supply the Klein Karoo. The Western Cape slaughtered birds in the normal manner and have placed restrictions on movement on all breeders that potentially could have been exposed to the infection, but they were not forced to cull those breeders in the same way as the Eastern Cape producers. The September update from the OIE can be viewed at http://www.oie.int/eng/info/hebdo/AIS_51.HTM#Sec3.

5. 3rd Annual General Meeting

A reminder that the 3rd Annual General meeting of the World Ostrich Association will be held at 33 Eden Grange, Little Corby, Carlisle, UK on Tuesday, 15th November, 2005 at 17:00 hrs GMT. This meeting will be held with simultaneous broadcast to the WOA Chat room so all WOA membership can participate in the meeting on-line.

Full details of the meeting (agenda, reports, accounts, voting form etc.) can be found at www.world-ostrich.org/member/agm2005.htm

To check your local time please go to www.amadeus.net/home/worldtime/en/wt_en.htm

7. Contributions

As always, I ask for contributions from Country Liaisons and other members. A sharing of your experiences, what is happening in your area - anything you believe that would be of interest to other members. Any contributions for inclusion in future news letters please send to Fiona at editor@world-ostrich.org.

Any comments or suggestions

Please post either to the members list woa@world-ostrich.org or Craig at secretary@world-ostrich.org

Ask not only what the WOA can do for you but also what you can do for the WOA.