

**PURPOSE for
profit**

&

**PROFIT
for Purpose**

*Aligning the supply chain participants for
better performance.*



Einstein observed that no matter how smart you are, or how long you ponder, you can never be sure how a watch works unless you look inside.

Einstein said that all that is valuable in human society depends upon the opportunity for development accorded the individual.



Background

- Built the plant in 2000
- Greenfield site
- Process approximately 1.3 million annually (Lamb)
- Further Process approximately 1.0 million annually
- Employ approximately 350 people
- A\$40 million investment
- Two investors
- A\$1.2 million CapEx



The CRF Way

Purpose

Create value:

- *for our customers, to inspire loyalty*
- *for our employees, to gain commitment*
- *for the community to feel proud*

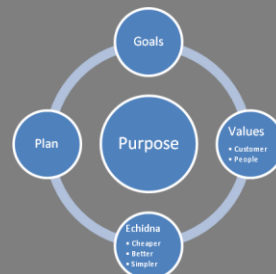
Goals

Goals

- Global growth business*
- *global business*
 - *supply chain excellence*
 - *constructive behaviours*
 - *corporate responsibility*
 - *supply chain logistics*

Values

- Looking after the customer (value and service)*
Treat people the way we want to be treated



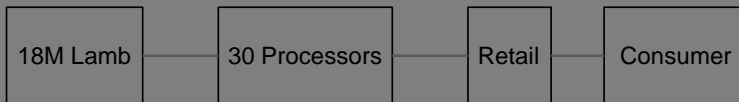


Colac



Lamb

Production



*South
Eastern
Australia*

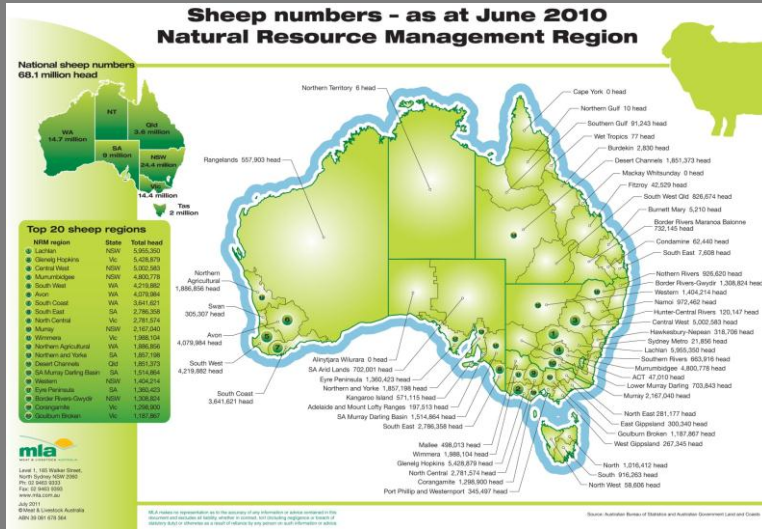
*Export and
Domestic
Plants*

*-Dominance of two
retailers
-50% exported*



Distribution of

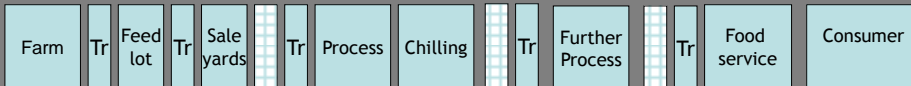
Australian flock



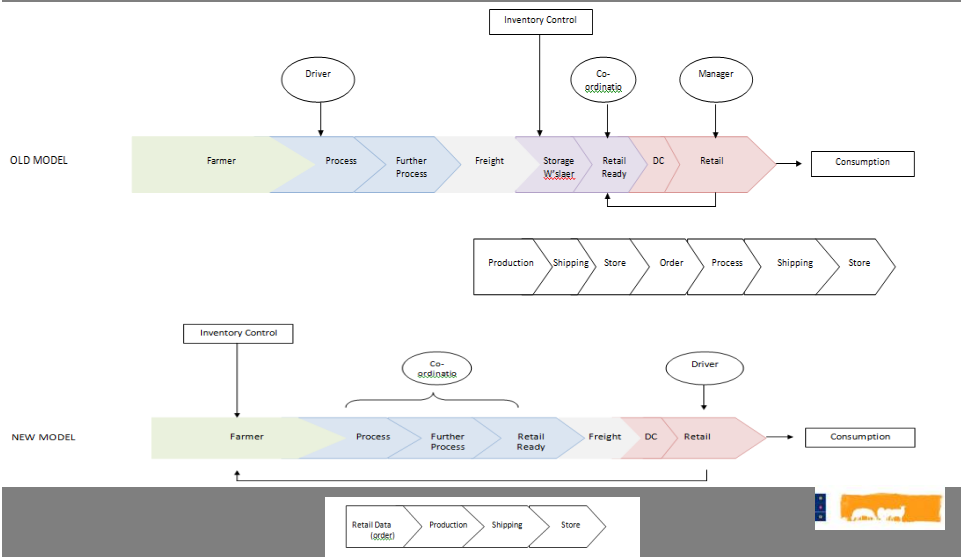
Supply Chain – Food Service

- Transport
- Transaction cost

All Steps



Supply Chain – Retail USA



CHALLENGE

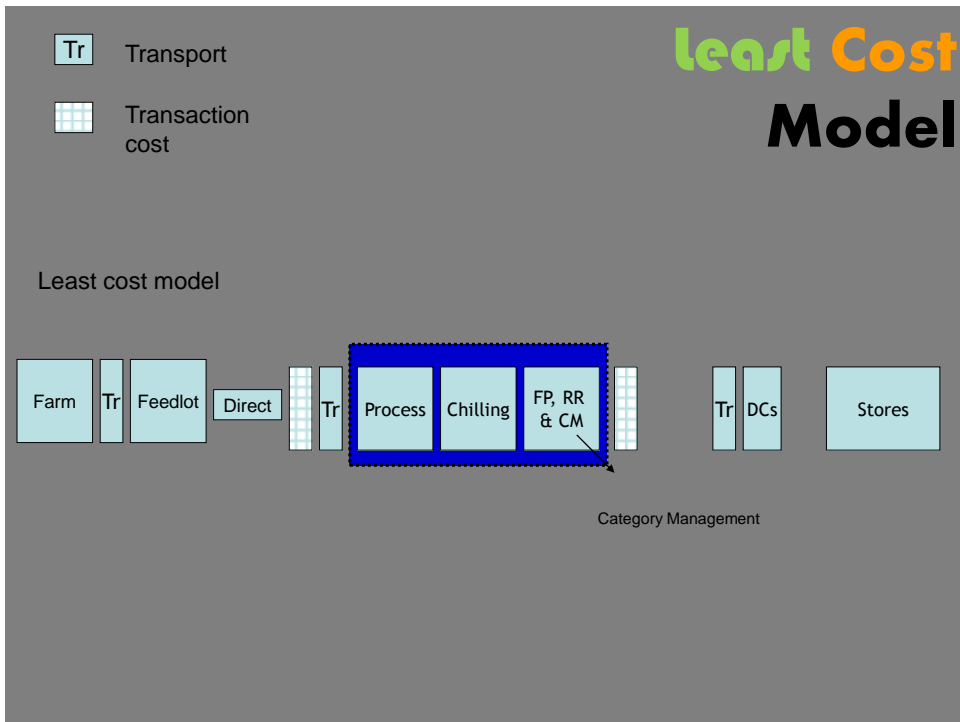
LAMB

Lamb Primal Cuts

The diagram shows a lamb carcass with various primal cuts labeled and associated with country flags:

- USA:** RUMP (5074), TOPSIDE (5073), SHORT LOIN (4880), RACK (FRENCHED) (4938), (FRENCHED) (4938) (CHUMP OFF), LDER - SQUARE CUT LLED-NETTED (5060), NECK (5020), FORE SHANK (5020), BREAST AND FLAP (5020).
- UK:** LEG - CHUMP ON (4800), LEG - CHUMP OFF - SHANK ON (4820), LEG - CHUMP ON SHANK OFF (4810), LEG - CHUMP OFF SHANK OFF (4830).
- EU:** LEG (4800), LEG - C SHANK (4800).
- Other:** SILVERSIDE (5071), RUMP (5074), LEG CUTS (5065), LEG - CHUMP ON (4800), LEG - CHUMP OFF - SHANK ON (4820), LEG - CHUMP ON SHANK OFF (4810), LEG - CHUMP OFF SHANK OFF (4830), TENDERLOIN (5080), BACKSTRAP (5100), SQUARE CUT SHOULDER (4905), RACK (FRENCHED) (4938), RACK (4932), LOIN (4860), KNUCKLE (5072), TOPSIDE (5073), FORE SHANK (5020), BREAST AND FLAP (5020).

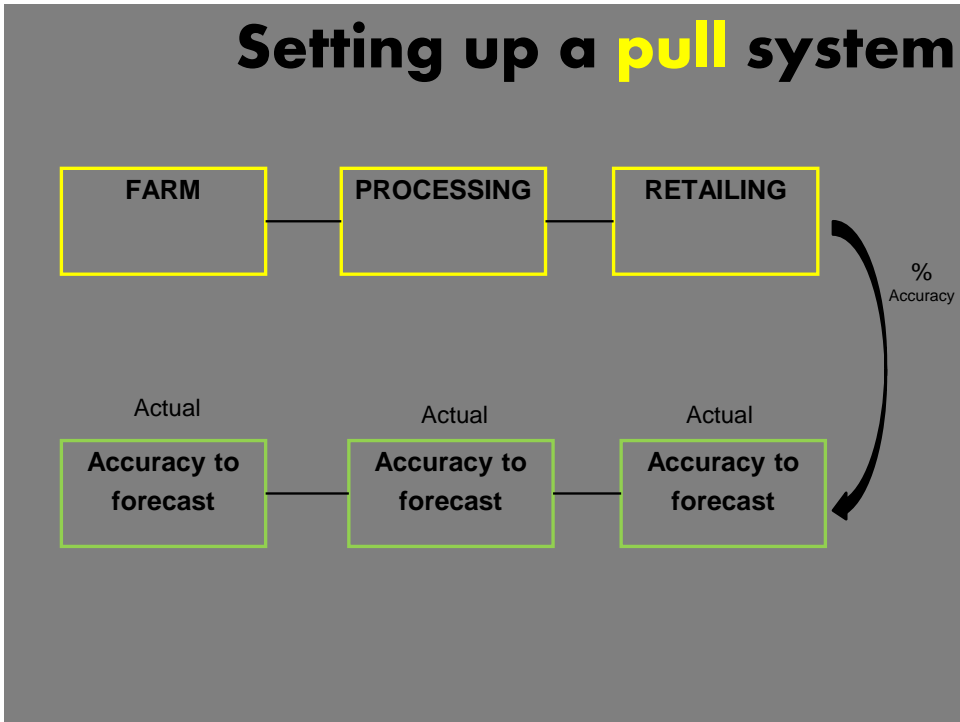
Carcass Balance



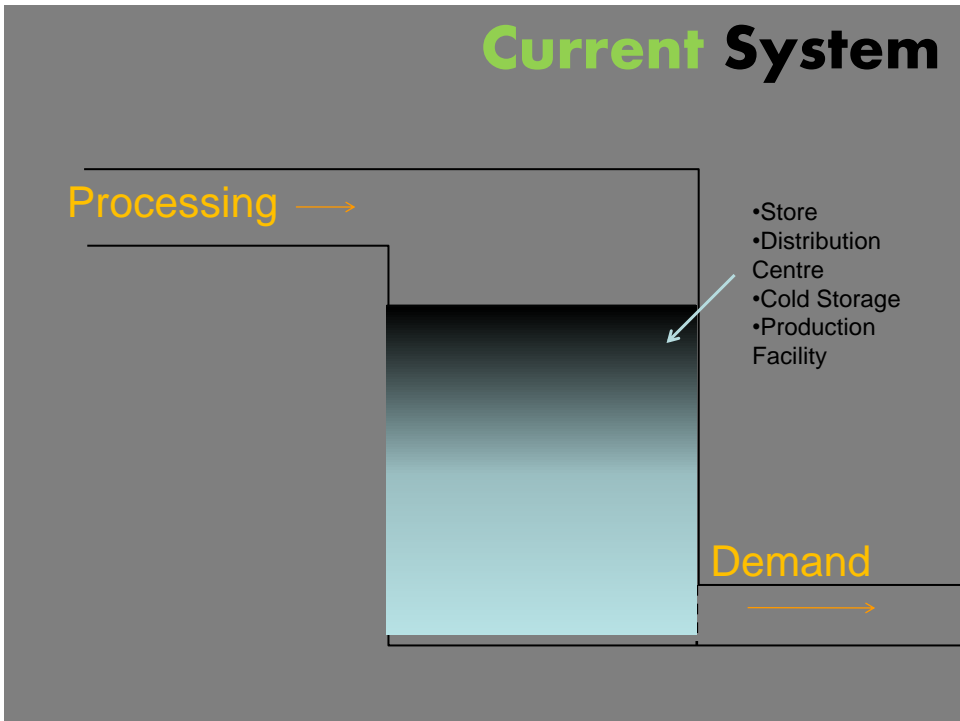
Supply CHALLENGES

- 7000 lambs a day required for processing
- Tight specification
- Average number of lambs per farm is 1500
- Natural variation in flock
- Livestock quality
- Differences in production systems
- Primarily pasture grown
- Seasonality
- No focus on genetic differences

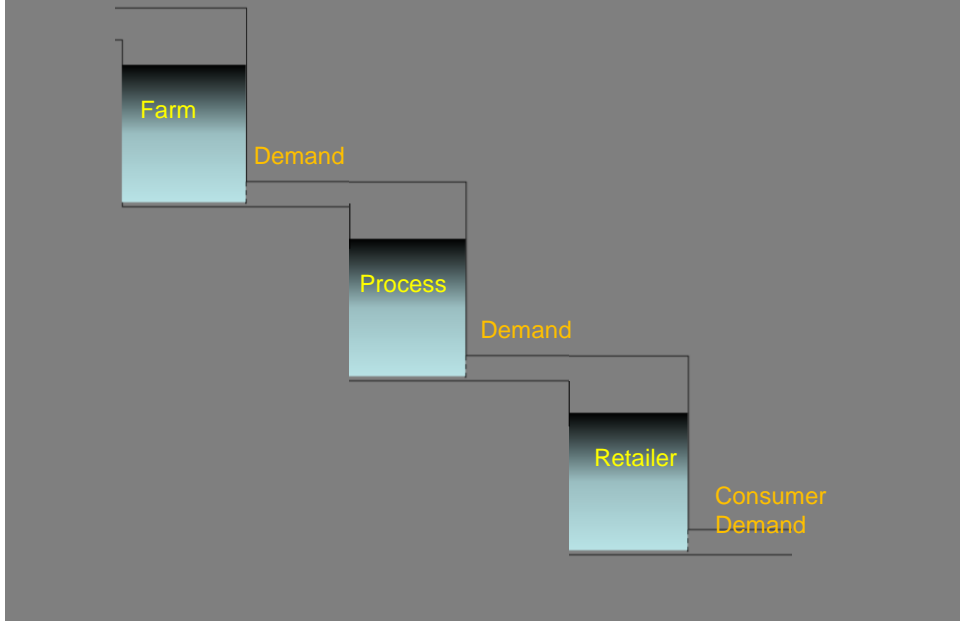
Setting up a pull system



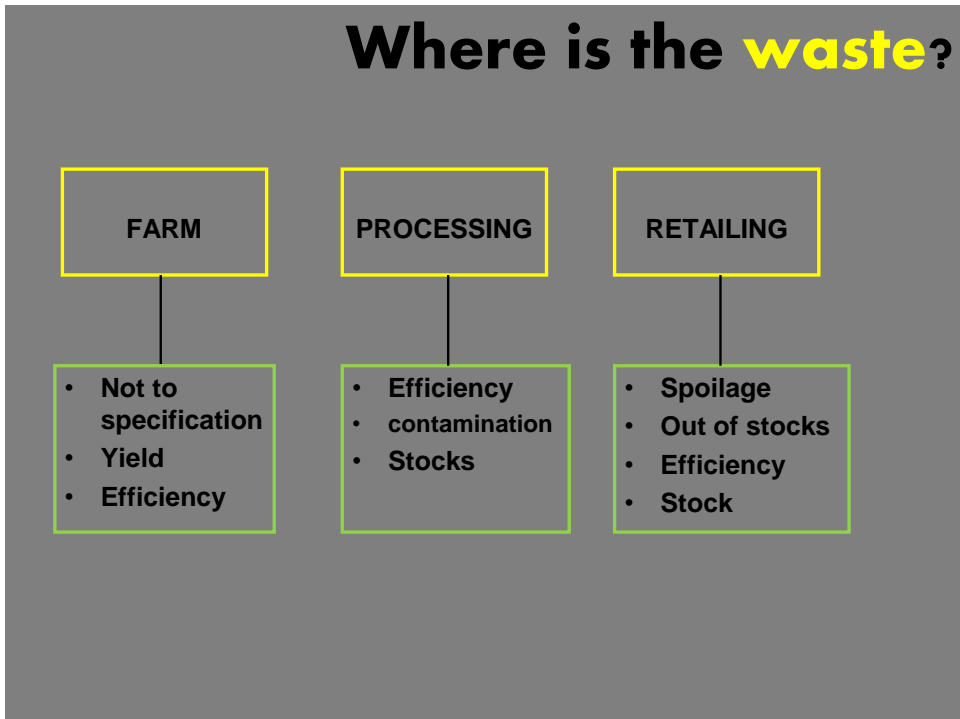
Current System



Current Model



Where is the **waste**?



Opportunity - Processing to Farm

- Feedback
- Penalties/ Bonus
- JIT production

Opportunity – Retail to Processing

Forecast accuracy

Scanning Data

Consumer insights

Make decisions when you
have real information.

Despite the **instability** huge **opportunity...**

Lean production system

- Saving in 09/10 - \$3.1 M (8.1% of costs)
- Saving in 10/11 - \$1.8 M (4.5% of costs)
- Saving in 11/12 – unable to quantify

Start thinking
Start challenging
Start experiencing
Start changing

