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Paper 13. Recent Developments and Future Opportunities

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Abstract. To assist in meeting the target outcomes for the Beef CRC, Sustainable Beef Profit Partnership (BPP) teams meet regularly to measure their current performance, set targets for future productivity increases, and use a profitability framework to assess the potential impact of improvements, innovations and new technologies in their beef businesses. Their decisions and actions are based on the Continuous Improvement and Innovation (CI&I) process. Capacity building and partnership outcomes are also assessed and the BPP teams are supported with appropriate tools and resources. In this final paper in this special edition, some recent developments in the design and management of the BPP project are discussed and the opportunities such a project presents to beef businesses and value chains to improve their economic performance are canvassed.

Keywords: Accelerated adoption; continuous improvement and innovation; beef industry; profit; productivity; capacity; partnership; efficiency; effectiveness.

Recent Developments

The Innovation Gap Workshop:
A "Bridging the Innovation Gaps" Workshop was conducted by the project leadership team in March, 2008, with 32 participants from a diversity of backgrounds, training and experience across both agricultural and non-agricultural industries. The purpose of the workshop was to stimulate thinking, gather evidence, and identify priority actions in relation to:

- innovation and the adoption of new technologies, and their role in industry development;
- issues and gaps in relation to innovation and adoption of new technologies, and why they exist;
- barriers to bridging the gaps; and
- high impact opportunities and mechanisms to bridge the priority gaps.

Key factors and high impact opportunities to bridge the innovation gaps in the Australian beef industry included:

- better understanding and measuring the key components of innovation systems;
- addressing culture, leadership and people;
- identifying and assessing technologies and potential innovations against specific market needs, to identify 'gaps' and opportunities and then use this to increase the adoption of existing innovations / technologies;
- establishing "Value-Networks" in the beef industry;
- developing an "Innovation Framework" for the beef industry;
- focusing on innovation skills development; and
- opening up sources of innovation from outside the industry.

Key elements of an innovation framework identified at the workshop and in subsequent interactions with several workshop participants included:

- recognising innovation as a critical priority for the beef industry and aligning efforts to boost innovation;
- strengthening linkages, collaborations and partnerships in the industry;
- implementing investment measures to strengthen innovation R&D efforts;
- investing in training/skills development to improve innovation capabilities and culture (including innovation management skills, communication, teamwork, problem solving, entrepreneurship and leadership capabilities); and
- undertaking continuing reforms to improve and sustain a beef business environment suitable for achieving innovation.

The understanding and development of an innovation framework is considered to be valuable in contributing to the momentum and sustainability of the BPP project and its improvements and innovations. The workshop findings have been incorporated into a document "Integrated Delivery of Beef CRC Products to the Australian Beef Industry" prepared on behalf of the project leadership team by Cynthia Mulholland.

Private Sector Involvement in BPP Facilitation:
The issues of slow institutional change and slow embracing and practising of the CI&I process were raised in Paper 12. This has been especially evident in some BPPs where the BPP was added on to, or followed on from, existing group projects run within state primary industries agencies. In these environments, it has been difficult to secure the time commitment required by facilitators to undertake effective and regular improvement and innovation sessions at the appropriate time. The limited time and resources available to facilitators means that facilitators have limited opportunities to build the capacity of their BPPs to implement CI&I effectively.

It has also been difficult to secure the time for project leaders and managers to learn and apply the high levels of skills required in these areas in the midst of their other agency leadership and administration responsibilities.

One possible way around this is to have a greater degree of private sector involvement in the BPP project. This is the case in New Zealand, where Meat and Wool New Zealand have contracted a private sector organisation to lead and manage the two BPPs established there to date. Anecdotally, this arrangement is seen as being very effective, with more rapid movement into the CI&I process and more rapid development of focuses and actions than would have been expected. Coincidentally, there has been significant interest in expanding this type of arrangement in Australia and already a number of new BPPs have been established outside of state primary industries agencies. Primary drivers have been local input supply and seedstock businesses, with some interest also from the major national agribusiness chains. This larger and better integration could have higher national industry benefit.

At another level, there is the issue that current "technologies", especially genetic technologies, are not being seen as relevant to a large proportion of BPP partners. Many BPPs have opted for shorter term actions involving pasture management etc rather than cattle breeding. However this has prompted some private sector initiatives with an overt focus on genetic improvement while still applying the principles of CI&I. It is early days yet but these initiatives will be watched with interest.

Large Beef Business Strategy:
One of the underlying concepts that contributes directly to achieving "accelerated" improvement, innovation and adoption is *rate and scale of impact*. This concept was represented in Figure 1.3 in Paper 1. The idea is that aggregate industry returns from a R&D project over time can be measured as the number of improvements or innovations made during that time, multiplied by the average financial impact of those improvements or innovations. The scale part is the number of improvements or innovations made, and this can be measured by the number of industry players (people) and/or the number of businesses and/ or the number of cattle involved in these improvements or innovations.

All BPPs at present are composed of partners in the small to medium enterprise (SME) size category – none of the large beef businesses (the corporate businesses and the large family businesses) are part of the BPP network. If the project is to really contribute to the beef CRC's overall financial target, the large beef businesses have to be encouraged to join the network because they have control over large numbers of cattle.

Some of these large businesses have expressed a desire to be part of such a network, but at present it has not been resolved what particular form this involvement might take.

A Re-emphasis on Rapid Improvement and Innovation:
In most businesses the changes implemented so far such as rotational grazing, improved pasture management systems and improved animal health and parasite management have been primarily long term improvements. There has to date been little focus at the network level on rapid short term improvements and innovations and this is in part due to the expertise of the facilitators and the focus of the business owners.

But as we know from the rapid cycle improvement literature (Paper 3), pace is crucial - it is better to run small cycles of change soon, rather than large ones after a long time: "the more cycles, the more learning". Alemi et al. (1998) studied improvement activities in several health care contexts and found that results were most quickly achieved when the focus was on testing changes rather than on detailed analysis of the current practice. Pannell et al. (2006) emphasise that innovations are more likely to be adopted when they are readily trial-able i.e. easy to test and learn about before adoption, and that for the information from a trial to have value for decision making, the trial needs to be indicative of the innovation's performance in the long run. These opportunities for rapid change, even if

only in a small part of the business, have not been readily taken up. Recent capacity building activities have been designed to re-emphasise the need to focuses over different lengths of run and the benefits from rapid cycle improvements. The opportunity for Rapid Improvement and Innovation is considered to be one of high impact in the BPP project at this time.

Opportunities for Improving the Project Strategies

System Improvement and Innovation:
Designing the BPP project as a system requires regular and frequent measurement, improvement and innovation of the project system and its component elements, and to manage the interaction between the project system and the broader RD&E system in which it operates (Paper 5). That is the purpose of the System Improvement and Innovation Strategy. The critical importance of this strategy has become more apparent over the past year. Initially it was treated as a 'supporting' strategy, but with time recognition of its importance and leverage on the project performance and the broader system is growing.

Preparation of the papers for this special edition has provided an ideal opportunity to better understand and improve the project system. In terms of the CI&I process underpinning the project, the papers relating to each of the strategies represent an assessment of the performance of the strategies and the project, and the creation and synthetise of opportunities for re-focusing of thinking and action to improve the performance of the strategies and the project over the next one to two years. Some of these actions in relation to the project system include:

- continually improving the key performance indicators of project success for project effectiveness, efficiency and agility;
- learning from other industries and contexts where systems approaches and CI&I processes have been applied, and more effectively managing the dissonance that comes with change and innovation; and
- actively involving public service partners in the CI&I process and system. Issues related to promoting improvements and innovations in public services are covered in a relatively new area of the CI&I literature (Gilbertson 2002; Albury 2005; Bessant 2005; Hartley 2005; Moore 2005).

Overall, the System Improvement and Innovation Strategy will require greater ingenuity and attention over the next year or so to ensure project success, efficiency and sustainability.

Capacity, Capability and Competency:
While significant effort has been given to the Capacity, Capability and Competency Strategy in the first three years of the project, there is still much that needs to be implemented and measured to ensure adequate capacity to ensure effective performance during the life of the project, and sustainable improvement and innovation beyond the life of the project. This strategy requires ongoing effort because of the need to ensure the capacity support available is progressive and evolutionary, and continues to meet the changing needs of the BPP networks and partnerships. Effective training is structured as a continuous improvement process - it is not doing what is already done. It needs to be designed to meet the changing needs of the system (Blanchard and Thacker 2003). In a project such as BPP it is also necessary to ensure that any capacity strategy takes into account project partner and staff movement, attrition and succession (Blanchard and Thacker 2003).

There are very few capacity building opportunities for the Australian and New Zealand agricultural sectors targeting the higher level knowledge and skills needed to achieve both rapid and sustainable improvement and innovation, and the knowledge and skills needed to lead and manage sustainable industry improvement and innovation. This strategy has the potential to provide a foundation for the ongoing development of these skills in the beef industry in these countries.

In particular, as identified in Paper 6, there some significant cultural change issues that result from this attempt to introduce new ways of thinking and doing. One of these is associated with the expectation that all partners will practice CI&I in relation to their own functions and roles in the partnership. There is no better capacity building opportunity than actively, rigorously and overtly applying CI&I to one's own performance. The understanding that comes with practice has significant benefits for both the individual, and the other BPP partners with whom that individual interacts. There is a significant opportunity for improving self-practice of CI&I within the BPP team, and this will be a focus for the Capacity, Capability and Competency Strategy over the next 12 to 18 months.

Measuring, Monitoring and Evaluation:
The Measuring, Monitoring and Evaluation Strategy (Paper 10) is responsible for providing training in the economic tools used by the partners, for designing and implementing a measuring and monitoring system to provide valuable and supportive feedback to partners, and for designing an evaluation system that will demonstrate and support rapid and measurable improvements in productivity, profit and industry growth for all partners.

Because of the multiple users of the information, and the multiple environments in which it is expected to be used, the BPP reporting and support framework has been a difficult framework to develop. There have been several versions that have been adapted and improved over time, but we hope that it is now sufficiently flexible to capture real changes in practices, processes and outcomes.

Since not all partners are effectively practicing CI&I in relation to their own functions and roles in the partnership, there has not been a sufficient awareness among many facilitators of the interdependent nature of the three project outcomes and thus the need for reporting on outcomes two and three. Partners have been overly concerned with outcome one reporting, and MME outcomes have not been properly used to develop improvements and innovations in system design. The overall patchy nature of the reports has also prevented effective feedback and unfortunately the perception is that MME is a one-way flow of information.

This will be addressed by capacity building/training, further support by state agency economists and compilation of case studies showing successes.

Research and Development:
The Research and Development Strategy (Paper 8) is designed to identify and develop improved mechanisms and supporting evidence to accelerate improvements and innovations in BPPs, and the BPP project. These mechanisms include networking activities, practical strategies, systems, models, processes, techniques, tools and technologies integrated with evidence-based practices.

There were substantial delays in getting the R&D Strategy up and running and getting it integrated into the BPP project system. This has impacted on the project's ability to provide evidence back to facilitators and partners of which methods and tools seem to work best in which situations. However, Paul Hyland has now been appointed to lead the Strategy, a PhD student funded from the project has recently commenced (February 2008) and several other PhD students with external funding are working on research topics closely related to the target outcomes of the BPP project.

While the research is in its early stages, it is apparent that as the BPP partners develop their knowledge and skills they are developing the capabilities needed to improve and innovate. The opportunity for partners is that the partnership and collaborative structures allows businesses to access a wide range of knowledge and expertise that an individual small business would struggle to access and pay for. The partnerships also provide opportunities for business owners to test ideas with one another and develop their knowledge base by sharing information and results. As the partners develop improved business competencies and innovate in their business operations, the returns in terms of reduced costs and improved profitability will come to the fore. Farm businesses from all sectors can benefit from implementing a structured approach to continuous improvement and innovation using a partnership approach.

Partnerships and Networks:
The Partnership and Network Strategy is designed to accelerate the rate, scale and impact of valuable improvements and innovations in the beef industry by involving key players in the industry and ensuring support for all partners (Paper 9).

Again, there have been significant delays in implementing this strategy, but again the preparation of the papers for this special edition has provided the opportunity to assess the performance of the strategy and to re-focus on action to implement specific opportunities to improve the performance over the next one to two years. Specific opportunities for improvement include:

- the quality of partnerships with industry agencies needs improvement, as does the quality of involvement of industry leaders, and organizational management;
- new partnerships need to be developed with a range of partner types that are not currently represented in the BPP network - Large Businesses, Commercial Organisations, and Education/Training Institutions;
- the processes of institutionalisation, a key component of the underpinning SI&I model (Paper 4), needs designing and implementation to contribute to the

sustainability of the partnerships and their improvements and innovations; and
- "If you can't measure it you can't manage it" – developing better CSFs and KPIs are key to the successful design and management of effective partnerships and networks.

Communication, Information and Marketing:
The Communication, Information and Marketing Strategy is designed to increase the profile and performance of BPP teams across Australia and New Zealand by leading and supporting a 5% increase in BPP awareness across partners, participants and management each year, every year. While much has been achieved already in relation to this strategy (Paper 7), several opportunities for improvement have been suggested at the last 180-Day Project Coordination Team meeting (February 2008):

- distributing the BPP Newsletter to all partners, not just facilitators;
- investigating implementation of a BPP List Server (a subscription service);
- including an information session on the BPP project, rather than a trade display, at the Beef 2009 conference next year;
- investigating implementation of a BPP Forum Page (web based);
- investigating implementation of a BPP Tele-Forum (a teleconference set up to discuss a particular topic);
- developing a list of Frequent Asked Questions;
- developing FAQs or other BPP topics that could be better presented in video format; and
- investigating implementation of a BPP eHelp facility (a single phone number that people ring to seek help on a BPP topic).

Three of these potential opportunities have been investigated. Through a web-based company, events such as meetings, conferences and webinars could be held on demand for any BPP participant or facilitator. These online sessions include being able to share a desktop to give presentations. It is interactive with participants being able to ask questions and it can even be held with web-cameras. The potential for holding online training, meetings and information sessions over the internet is endless. Two commercial products are currently available and are being further investigated.

The Beef CRC website is currently being overhauled with a new site to be launched in September 2008. This will include the opening up of BPP information available to the general public. The creation of a Forum Page will be included in the new site.

Finally, a draft list of Frequently Asked Questions (and Answers) has been developed and circulated for comment.

Feedback

The project leadership team believes that the Sustainable Beef Profit Partnerships project will encourage the adoption of improvements and innovations in the Australian beef industry and will contribute to achieving the Beef CRC's profitability outcomes. We are committed to evidence-based practice (Waters 2004) and reporting this evidence in the future as it arises. The project leadership team is committed to the principles of the Sustainable Improvement and Innovation model, to advocating the use of these principles in the Beef Profit Partnerships, and to applying them to our own project management and leadership processes. By publishing the design, management, achievements and failures of the project in this form we wish to expose our values, thinking and decisions to wider scrutiny, invite feedback from interested readers, and offer our assistance and support for applications or adaptations of this model in other industries and regions.