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Managing Sustainability and Export Risks: The Case of Tasmanian Southern Rock Lobster

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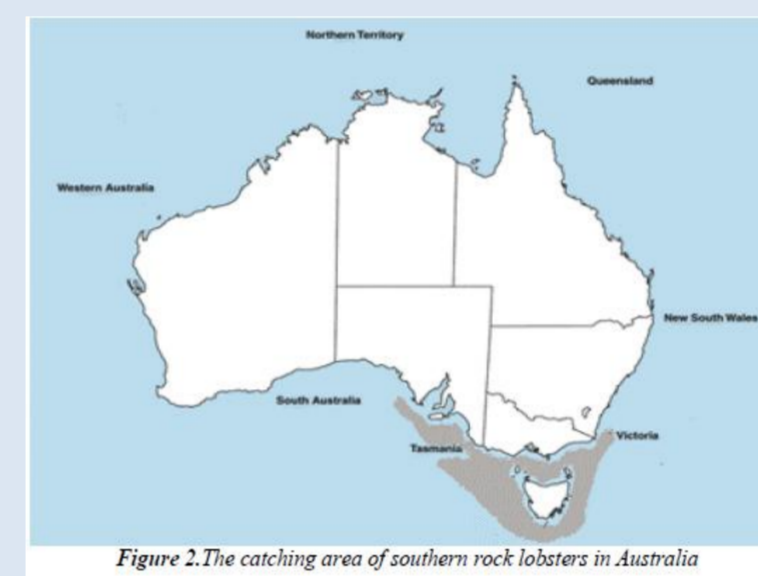
Southern Rock Lobster (SRL)

- Quite rare type of lobster (6% world lobster catch), caught only in Tasmania, South Australia and NZ
- Peculiar flavor and tenderness recognized by international consumers
- High value but high variability of prices



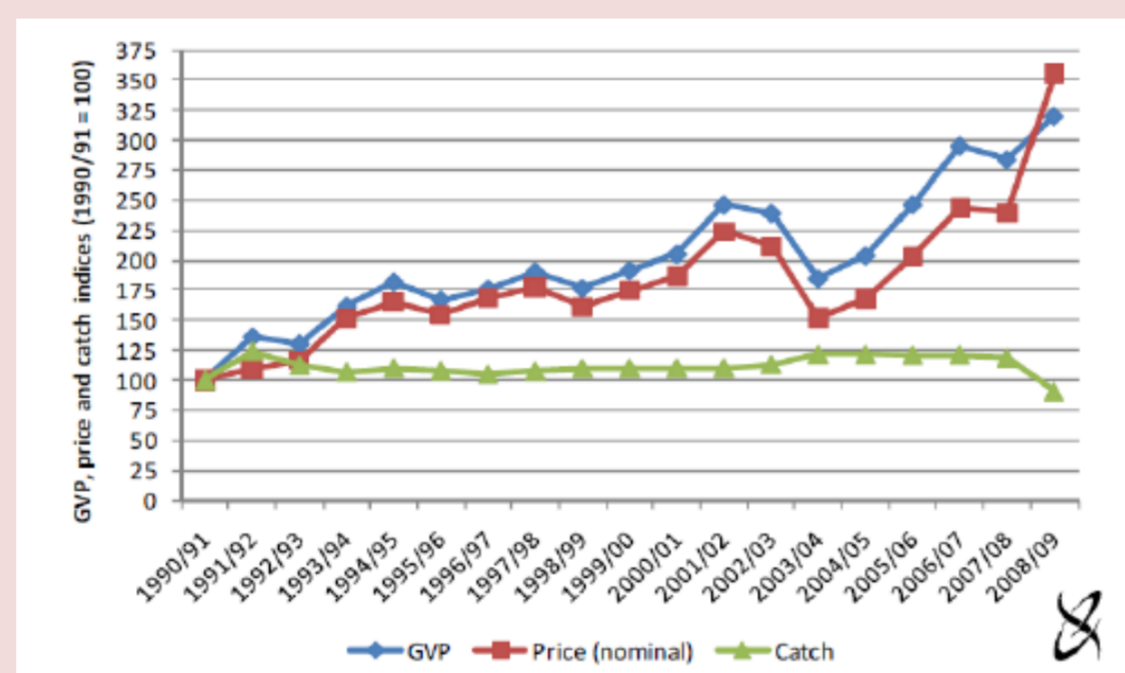
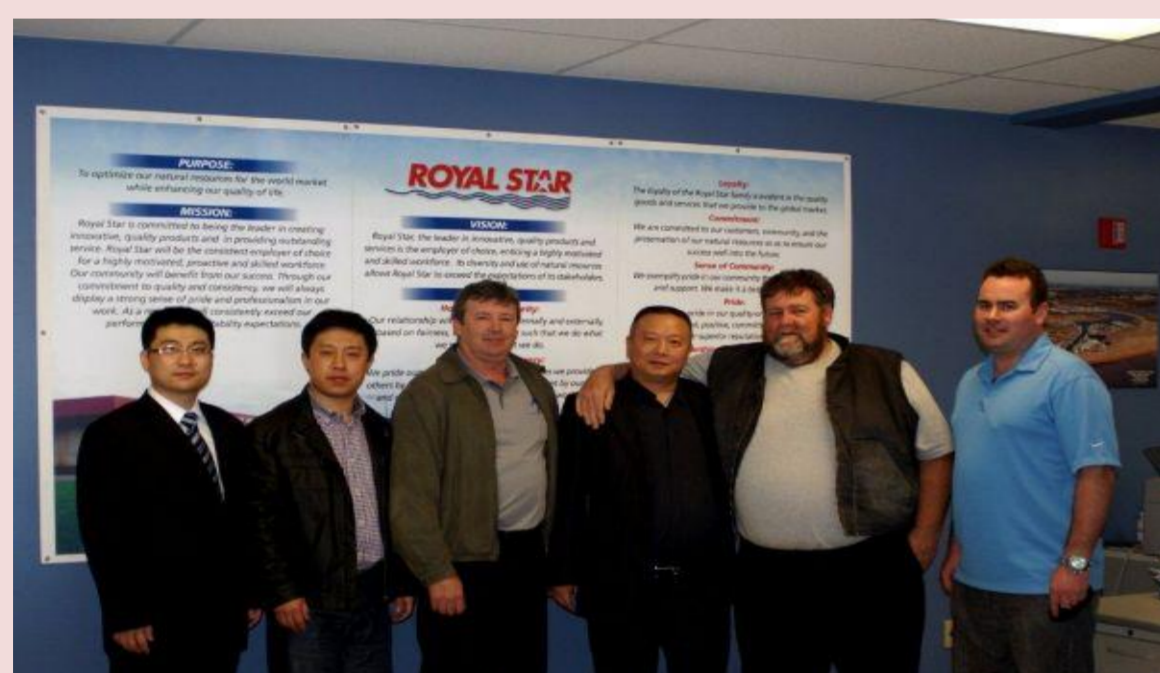
Tasmania & SRL Industry

- Very important for Australian & Tasmanian economy, especially small businesses
- When price fluctuates, lobster fishermen are in trouble



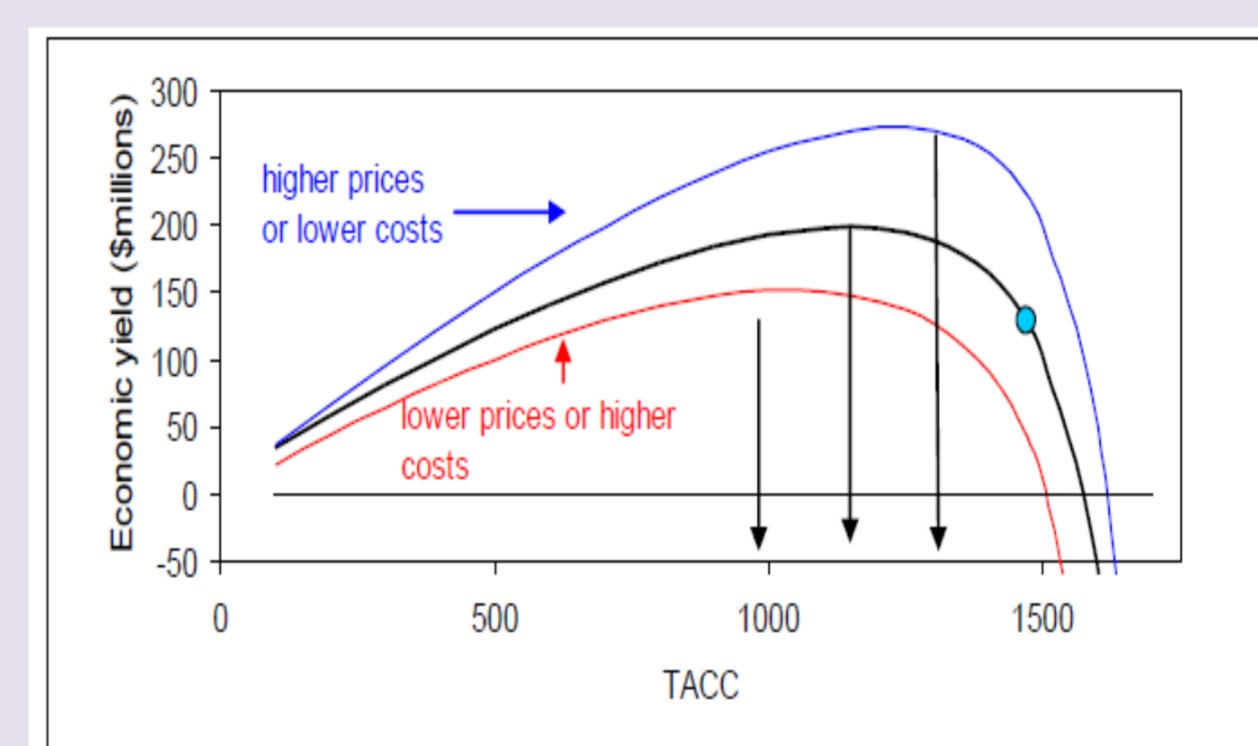
Managing China Export Risks

- Bans on Australian lobster exports and import taxes are placed and changed intermittently by the Chinese Government
- The majority of **Chinese importers** trade Tasmanian SRL illegally
- Fishermen's Association **Marketing Manager** realizes that one market for all Tasmanian lobsters is too risky
- To diversify to other markets, lobster supply is required



Managing Sustainability Risks

- **Researchers** recommend to the Tasmanian **Fishermen** to Slightly Reduce their Quota to Secure Future Stocks, Reduce Costs in the Long Run
- **Fishermen** need to sustain their business in the short run
- Current and potential **buyers** require consistent supply



Case Study Questions

- How to Coordinate Production and Marketing along the Tasmanian SRL chain?
 - How to Provide Incentives to Individual Chain Players?
- How to Diversify Markets to Manage Risks in a Supply-Constrained Situation?

Teaching Notes

- **Target** students are BSc or MSc in Agribusiness Management and Strategy with interest in deepening their knowledge on management of sustainable value chains.
- The **goal** is to practice the use of theoretical principles (coordination of production through the value chain and firm's incentives for the adoption of innovation) to manage a key issue such as sustainability by the interaction with multiple stakeholders within and outside the value chain.
- *Before this case presentation*, students attend lectures on 1) supply chain/value chain; 2) Value creation along the chain & coordination; 3) Strategic Analysis; 4) Firm's incentives for the adoption of innovations.
- *After this case presentation*, students are divided in five groups representing key players in the Tasmanian SRL chain and given times to find a solution collectively.

