



Deer Industry
New Zealand

**“We can not predict the future.
but we can create it”**

Jim Collins 2011

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Chairman Deer Industry NZ
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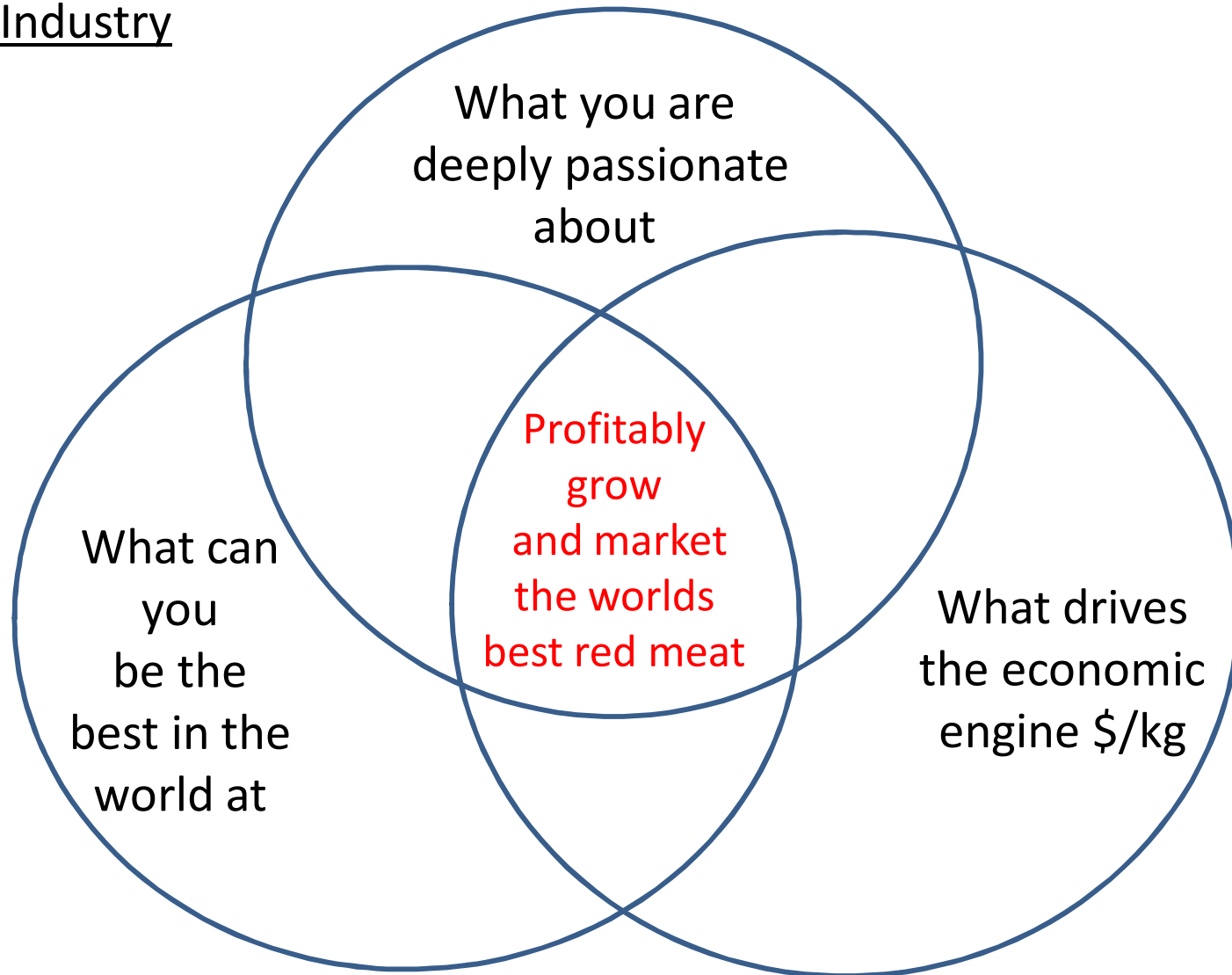
Jim Collins has spent 15 years researching what makes some companies out perform their contemporaries by at least 10 times. I think there are some good insights for the deer industry.

Some principles from Jim Collins

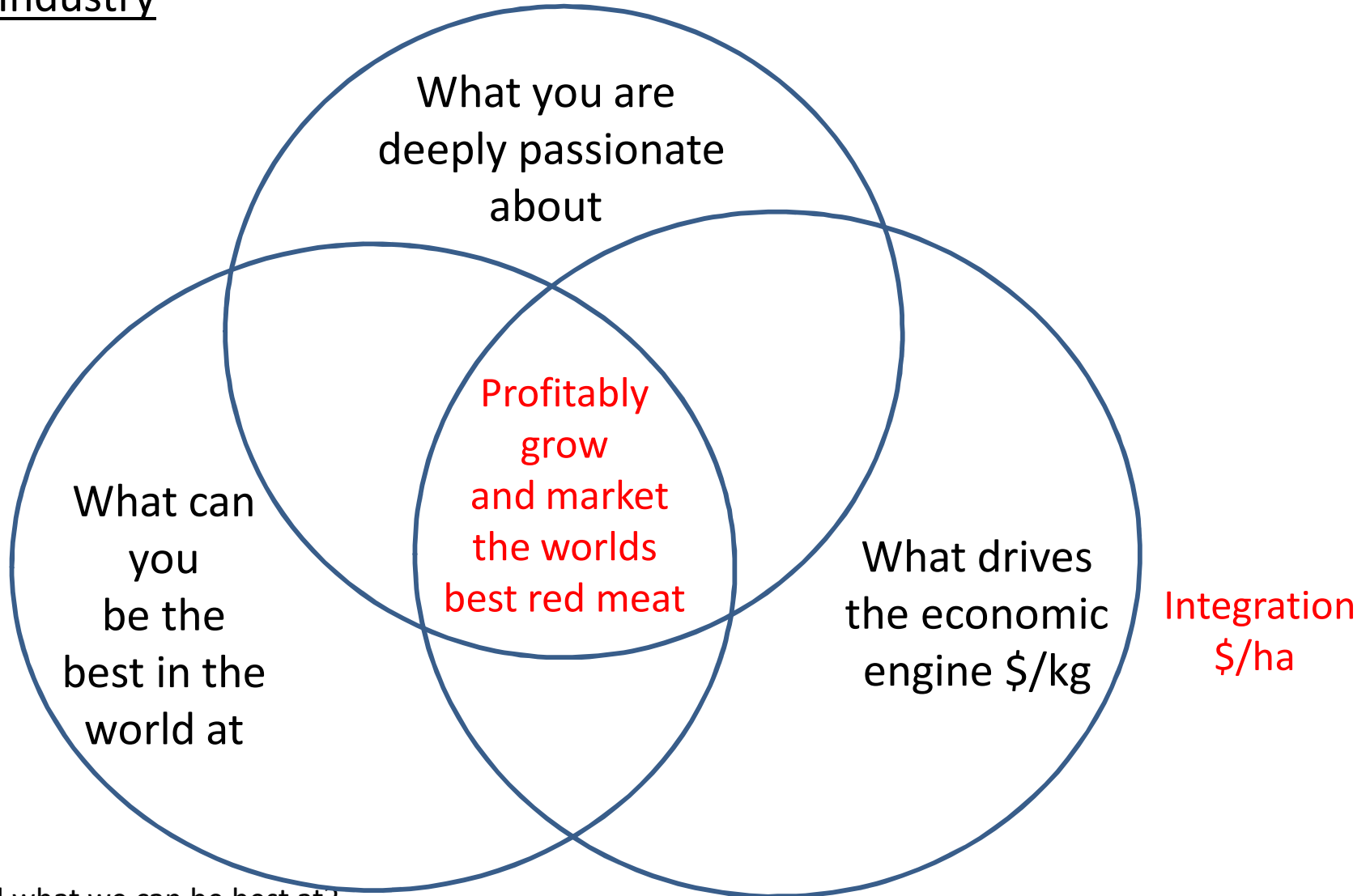
Do we want a “good” industry, or a
“great” industry.

1. The Hedgehog Concept

The Deer Industry



The Deer Industry



Do we understand what we can be best at?

- kg meat/kgLW
- kg meat/kgDM
- kgDM/ha
- Cost/kg meat

2. First who, then what

- People are not the most important asset
- The *right* people are.
- - are you passionate about deer ?
- Do you want to be really good at it ?
- What is “it” ?
 - venison production ? velvet production?
 - integrated venison/beef/lamb?
 - integrated venison/velvet/trophy?
- Can you be good at everything?

- Are you committed ?
- Are you looking in the rear vision mirror or looking ahead?
- We need the right people on the bus
 - at DINZ
 - in DFA
 - in our markets
 - in our processors
 - on our farms

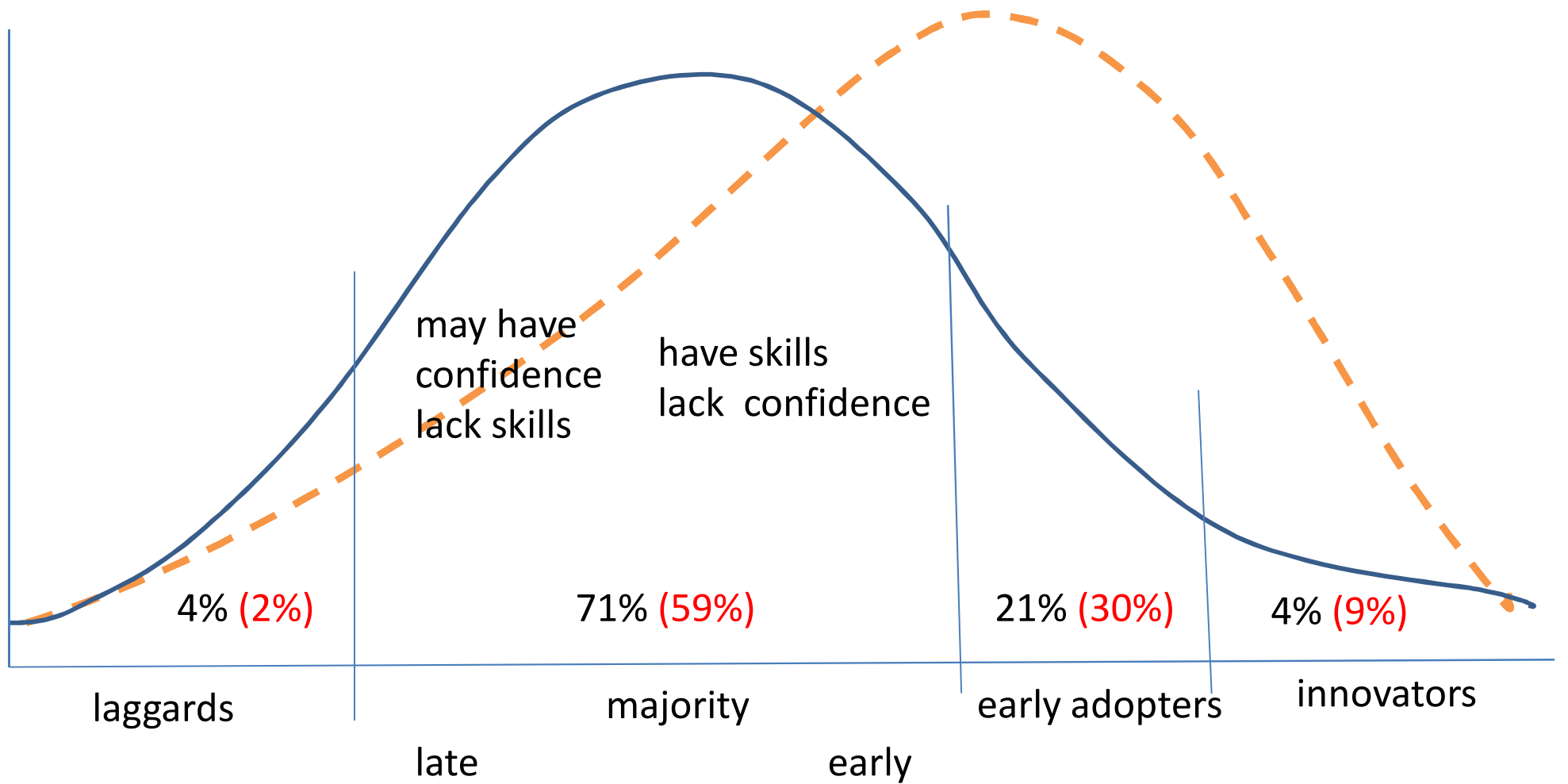
If you are not committed, get out!

3. Confront the brutal facts

(Yet never lose faith)

1. We have lost a significant part of the market premium we used to enjoy over lamb
2. We have relied too much on a premium for “game venison” in the hunting season
3. We have not differentiated farmed venison from wild game in our main market at consumer level
4. We have not committed to long term supply arrangements at farm gate level

5. Processor/marketers are not good enough at describing their value chain vision to their suppliers, and inspiring them to supply more, for longer.
6. Our progress in velvet and trophy genetic gain has been fast, but our progress in venison genetic gain is sub standard.
7. Our on farm production progress is not good enough. The gap is widening between top and bottom performers!



X = % of producers
 Y = % of deer

Summary

- We are not good enough
- We will do better
- We are putting actions in place to do better

4. A culture of discipline

Success comes, not from people who discipline, but from disciplined adherence to a concept, and adherence to the plan resulting from that concept.

We need: disciplined people
disciplined thought
disciplined action

I know that a number of groups using your levy money, are working really hard in that direction:

DINZ

DFA

P2P advisory group

DeeResearch

JML

Deer Select

The discipline of behaviour:

“Above the line” behaviour

- takes ownership
- accepts accountability
- accepts responsibility
- acts
- sticks to the plan

“Below the line” behaviour

- blames others
- excuses own performance
- denies responsibility
- defers action
- does not have a plan, or wanders off route

5. Technology & science accelerators

Farmers & meat processors have a great history in pioneering the application of new technology and science.

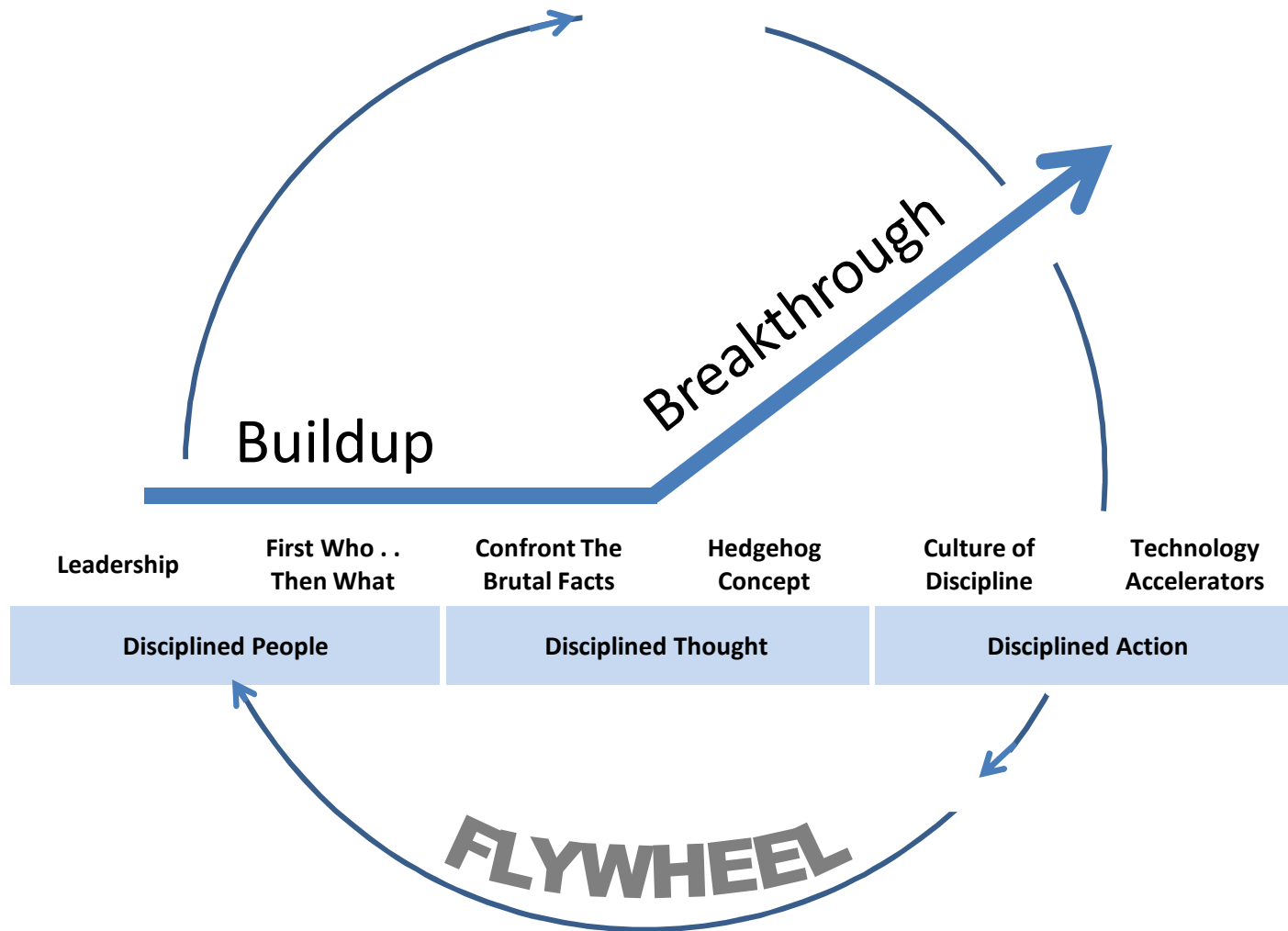
Our drive to adapt and adopt technology and science should be driven by our desire to turn unrealised potential into profit, not by fear of being left behind by other industries.

Some technology & science accelerators

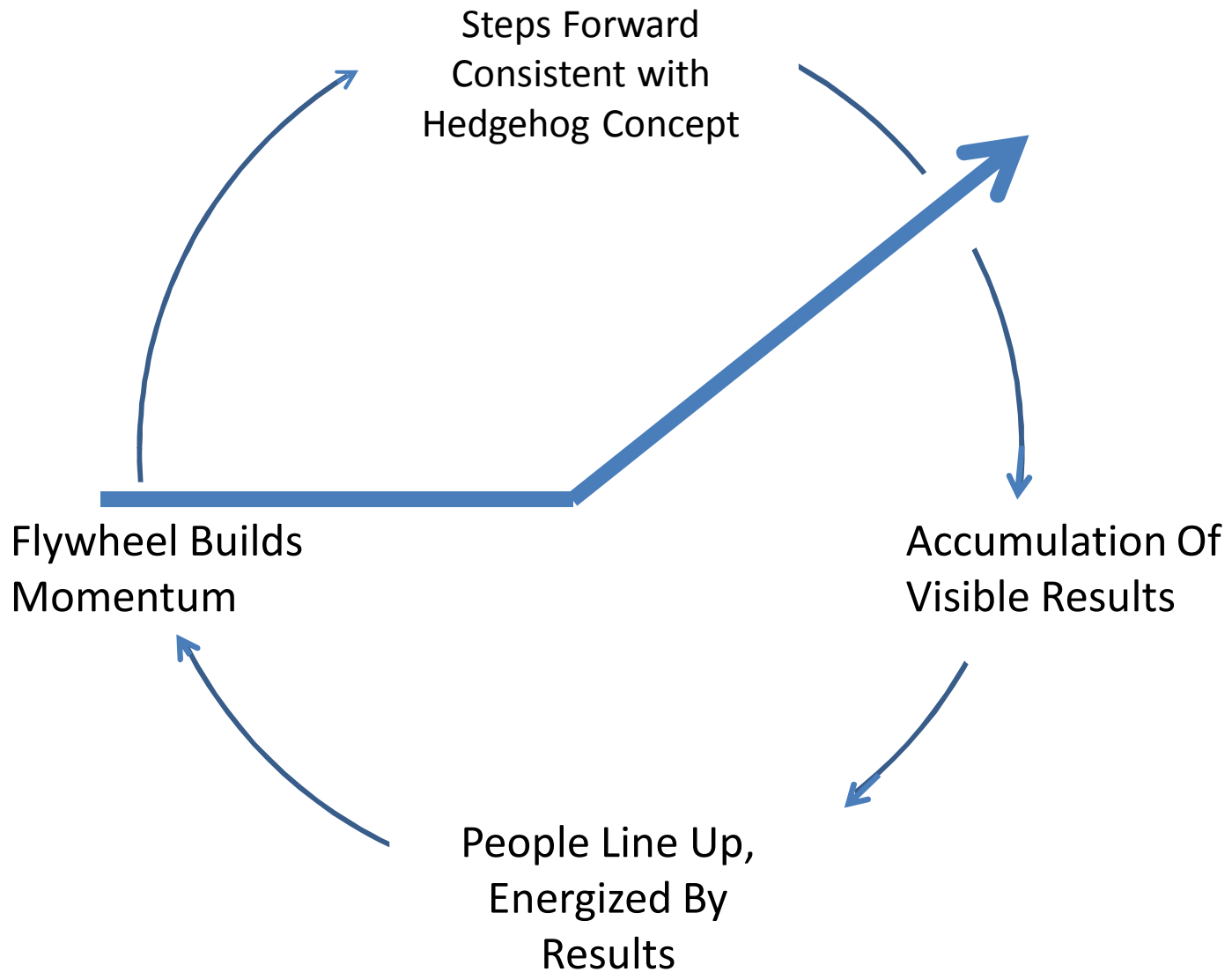
1. Scales
2. Electronic identification
3. AI/single sexed semen
4. Progeny testing schemes
5. DNA mapping
6. New plant species & systems adapted around them
7. Advanced parasite management
8. Overseer
9. Farmax
10. Fast broadband access to internet

Such items are merely accelerators
not creators of increased change !

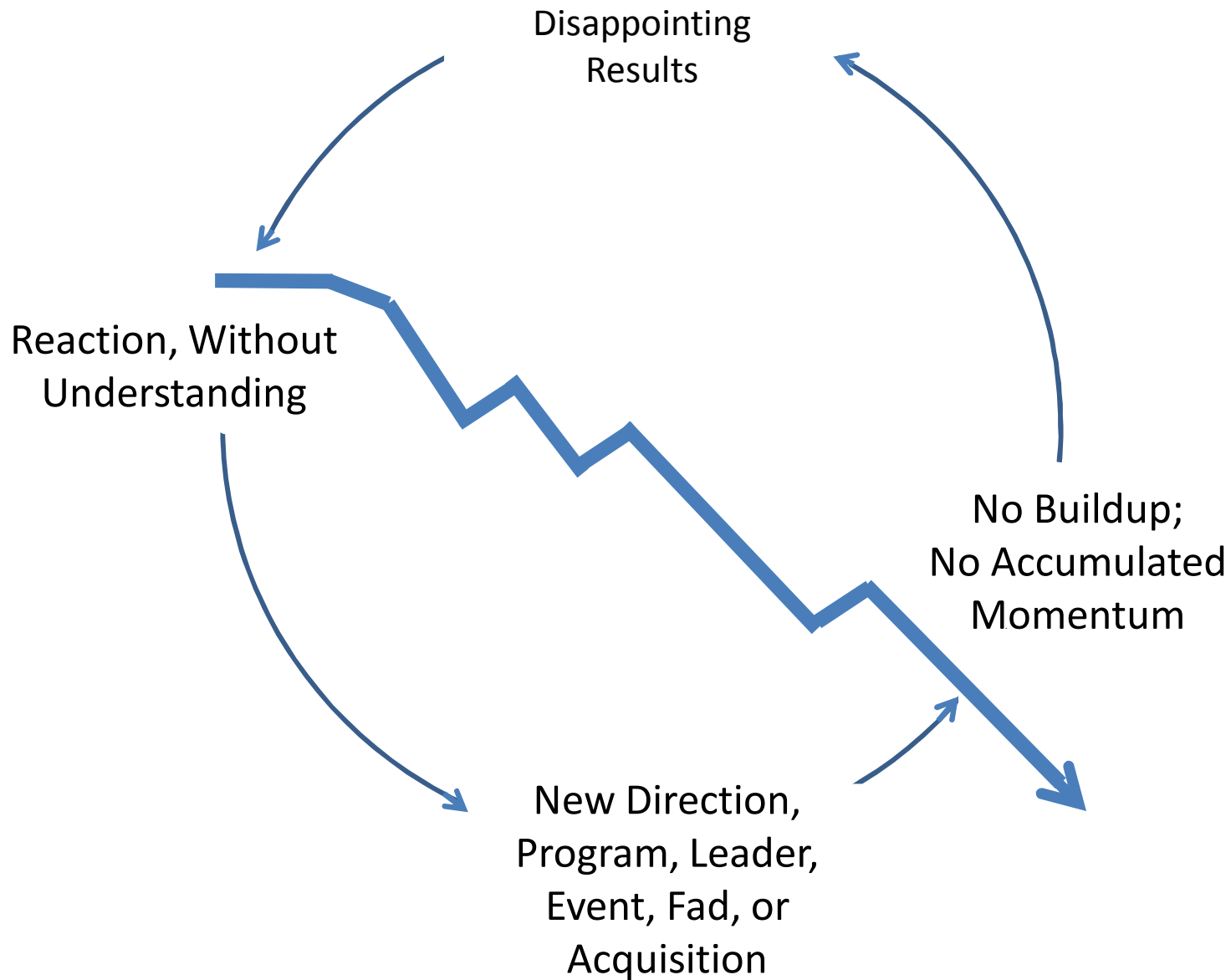
6. The Flywheel & The Doom Loop



“REVOLUTION MEANS TURNING THE WHEEL”
- No quick wins



The Flywheel Effect



The Doom Loop

This industry can choose the flywheel effect or the doom loop

DINZ is working on the building blocks for the flywheel !

7. Our Behaviours

Collins has researched which companies had performance ten times better than their contemporaries over a long period of time.

We can take the same lessons for a small industry. He identified 3 key traits:

Do the numbers !

- Use hard evidence on which to base decisions
- Let the head rule the heart
- Base buying decisions on hard analysis

Fanatic discipline

- Farming (and meat processing and marketing) is a relentless grind of continuous improvement, with the odd breakthrough
- Without a firm goal, that grind leads nowhere
- Without discipline to work to that goal, progress is negligible

Productive Paranoia

- Stay highly attuned to threats to our industry, our system, our profitability, our social structure
- The danger and risks are greatest when all is going well
- The opportunities are greatest and the risks least, when times are tough

The deer industry should be on full alert, but in my view, the opportunities outweigh the threats.

8. The 20 mile march !

The 7 characteristics:

1. Clear performance markers
2. Self imposed constraints
3. Appropriate goals to our industry
4. Largely within our control to achieve
5. A proper timeframe (10 years)
6. Imposed by us!
7. Achieved with consistency

We set our 20 mile march at Wanaka in 2012

It was:

Profit gain from production	\$2.37/kg venison
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Profit gain from market	\$0.67c/hg venison
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We have subsequently raised our sights on market gains to \$2.50/kg venison

9. Fire bullets, not cannonballs

Bullets (new innovations) don't cost too much, so more can be fired, recalibrated, or dismissed. The bullets that hit the mark can be turned into cannonballs.

Our bullets have included:

- The Productivity Improvement Program
- Deer Progeny Test
- Deer Select
- Animal health plans (in preparation)
- Feed targets & LWG (early stages) targets
- The Deer Productivity Hub (see DINZ website)
- The “Cervena” extension project
- “Design by nature”
- Industry agreed standards (underway)
- China access project
- Healthy functional foods in Asia
- RepairX

With help from the Primary Growth Partnership (PGP) we hope to turn those bullets into cannonballs.

- Do not expect too many cannonballs on a bullet budget
- You can expect the majority of bullets to be successful, we can not afford to waste money!

10. Risk Management

Risk reserves & buffers:

- The deer industry has seen a number of “black swan” events (as has everyone)
 - The tax changes of 1987
 - The Chernobyl event and aftermath
 - The GFC

- Equally it has seen some major innovations and innovative people
- setting it on a positive path
- The key is for businesses to have enough reserves to withstand the unforeseen event, if it is negative

Managing industry risk

- The 3 dimensions

- Risks that can severely damage an industry (such as a major food safety scare)
- Risks for which the benefits are small relative to the downside (past perception around differentiation)
- Uncontrollable risk (GFC, exchange rates)

11. Zooming out, then in

Zoom out

- Sensing a change in market or production conditions that requires a response
- Assess with rigour, prepare new plans

Zoom in

- Execute those plans and objectives

We are the in the execution phase

Dan will explain more



Possible 2023 outcome of the integrated project: (what does “success” look like?)

Base Line

80% fawning, 52kgCW, 15% replacements, 5% of hinds death/missing

Schedule \$7 (net)

80%

- 15% retention

= 65% s/s x 53kg x \$7/kg = \$236.00/hind

+ 10% cull hinds x 52kg x \$6/kg = \$ 31.20/hind

\$267.20/hind

= \$132.00/SU or \$6.85/kg venison

= 36.4kg CW/kg LW

gain = 33%



2023, with increased production

88%

- 15% replacement

= 73% s/s x 61kg x \$7/kg = \$311.71/hind

+ 12% cull hinds 58kg x \$6/kg = \$ 41.76/hind

\$353.52/hind

= \$175/su or \$6.85/kg venison

= 42.7 kg CW/kg LW

gain – 33%



2023, with increased price (36% chilled)

Modelled potential + \$2.65/kg
but say \$2.50/kg

65% s/s x 52kg x \$9.50	=	\$321.10/hind
+ 10% cull hinds x 52kg x \$7.50/kg	=	<u>\$ 39.00/hind</u>
		\$360.10/hind
	=	\$178/su = \$9.23/kg

gain = 35%



2023, with increased price and production

$$\begin{aligned} 73\% \text{ s/s} \times 61\text{kg} \times \$9.50/\text{kg} &= \$423.04/\text{hind} \\ + 12\% \text{ cull hinds} \times 58\text{kg} \times \$7.50/\text{kg} &= \underline{\$ 52.20/\text{hind}} \\ &= \$475.24/\text{hind} \\ &= \$235.26/\text{su} = \$9.23/\text{kg} \end{aligned}$$

gain = 78%