



### Focus: Strategic alignment

This case study highlights how Almondco has developed strong local, interstate and international markets by aligning its competitive advantages and capabilities to meet market requirements.

### Introduction

Almondco Australia is one of Australia's largest almond processing, packaging and marketing groups, processing around 8,000 tonnes of quality Australian almonds annually - about 30% of the nation's almond harvest.

The business is supplied by over 150 HACCP accredited growers from the main growing areas in Australia.

Located at Renmark in South Australia, Almondco continues to invest in its state-of-the-art almond processing plant that will see it process more than 20,000 tonnes by 2012.

Almondco offers a broad range of premium almond products and has developed strategic global partnerships with key food manufacturers, re-packers, retailers, wholesalers, food service and confectioners.

The company has well established export markets in Western Europe, United Kingdom, India, Japan, Middle East and New Zealand. Almondco is also developing markets as supply increases in South East Asia, Eastern Europe and China.

### Business overview

Almondco Australia is one of the quiet achievers of the South Australian food industry.

From its humble origins as the 'almond growers' cooperative' in the early 1930s, Almondco has evolved into a world-class, 100% Australian-owned almond based food business. It is the nation's second largest almond processor with annual turnover in excess of \$50 million.

The company currently has 22 permanent employees and up to 48 employees during peak season.

Almondco's products reach millions of end customers throughout the world in a range of market segments, from health, produce, breakfast cereals, snack foods, confectionery, cosmetics and oils.

Almondco value-adds extensively along the entire chain, from its 160 accredited growers to its world-class processing facility and sales and marketing programs.

Growers supply their almond crop to the company under contract. The almonds are then processed, marketed and sold by Almondco. The company believes this is the key to achieving good economy of scale and ensuring consistency in marketing and quality assurance.

Almondco is proud of its ability to exceed customer requirements through its quality program, which it says results in a very low rate of customer non-conformances and a high level of customer satisfaction.



### How to move forward?

Growing the Almondco business has been a multi-faceted and strategic operation. Almondco has selected its markets and has cultivated key relationships by:

- Building in-market partnerships and strategic relationships
- Focusing on long-term, carefully managed strategic partnerships and alliances
- Providing a 'whole of chain' approach to exports, from growing and harvesting to primary and secondary production
- Hosting international visitors
- Attending food fairs
- Coordinating an annual Almondco Showcase
- Providing a 'one stop shop' for sourcing a vast range of premium Australian almond products

Almondco has attended international trade events for more than 12 years, and its focused efforts have paid off with established export markets in the United Kingdom, Western Europe, India, Japan, Middle East and New Zealand.

The company has also invested extensive resources into a domestic marketing and sales program, which has been developed and rolled out in partnership with the Almond Board Australia (ABA) on behalf of the whole industry.

These strategic alliances have helped propel the company into long-term, strong growth and sales.



### Where to go for help and advice?

Almondco has utilised a range of internal and external resources to grow and develop the company over the years, particularly in 1996 - a critical year for export development – when Almondco utilised Austrade for assistance and support. In the past two years, Food Adelaide has provided excellent in-market intelligence and networking support. The resulting long-term export partnerships are testament to the success of these ventures.

Primary Industries and Resources SA has continually provided welcomed support to Almondco - firstly, through the establishment of the custom-built Renmark facility in 1994 and then with other recent improvements.

Almondco has invested more than \$5.5 million on improvements since 2005 including high-tech processing equipment, food safety systems and additional land and infrastructure. PIRSA has also assisted and supported several grower and supply chain focused initiatives.

*Almondco has used its strong internal market development presence to develop and target a number of growth areas in recent years.*

The company has also increasingly placed greater resources on attending international trade shows and taking part in 'meet and greet' programs. These initiatives have proved successful in developing new international markets.

## Value chain specifics?

Almondco value-adds extensively along the entire chain, from the training, networking and administrative support functions provided to its 150-plus accredited growers, to its world-class processing facility and successful sales and marketing programs.

The company takes a holistic approach to business development, including its international program, and has a firm belief that its market success is the result of a cumulative effort along the supply chain.

Almondco's business activities and contributions along the value chain include:

- A strong grower base. Almondco works closely with its growers to ensure consistency and quality of its raw product. Business activities including supply contracts, training courses, detailed quality analysis and feedback, regular grower reports, monthly payments and forecasting and orchard management courses have resulted in improved crop yields.
- Multiple sector presence. Almondco's products reach millions of customers across multiple market segments, reflecting extensive value-adding and product differentiation.
- World class processing facility. Almondco was the first almond processor in the world to adopt in-line colour and laser sorting equipment in the almond industry.

## What have they learned?

Almondco has always been driven by market requirements and opportunities.

**It has learned the importance of strategically aligning its competitive advantages and capabilities to meet market demand.**

To excel in the food industry, Almondco has recognised the need to source, process and market to world-class quality standards and economies of scale.

The company has worked hard to set high standards of excellence throughout all areas of its business, from grower engagement and returns, to its processing facility, latest equipment and executing a successful sales and marketing strategy.

## Critical success factors?

Almondco's ability to differentiate itself from competitors and constantly surpass customer requirements has been, and remains, a key competitive advantage.

The company applies a three-pronged approach to tailoring product and service to customer expectations:

- Maintaining a premium quality position. Ensuring strategic partnerships and long-term business.
- Working back from the market. Partnering with end customers to tailor products and services to surpass their requirements.
- Pre-empting trends. Innovating ahead of competitors and trends to retain its strong market position.

Almondco's Board and executive team work collaboratively to ensure its major activities and processes are running effectively and efficiently. It achieves this by regularly reviewing its operating plans and forecasts, performance indicators, production processes, quality and traceability systems and capital expenditure programs.

The company also constantly monitors world almond prices, world production estimates and exchange rates – and communicates this information back to the growers on a regular basis.

Independent professionals are occasionally engaged to review internal business systems and processes to ensure they reflect best practice.

The company is also subject to regular self-assessment and external audit from world buyers and food manufacturers.



### Challenges?

Almondco faces a difficult and often prohibitive international regulatory environment in terms of tariffs, subsidies and taxes. This can often disadvantage Almondco compared to its global competitors.

Australia's prolonged drought, competitive labour shortages and access to water also remain key issues to Almondco's growth and competitiveness, along with bio-security issues (bees and pollination).

Almondco is active in representing industry issues to Government and regulatory authorities and takes a realistic approach to its challenges; it views them as the realities of operating in an increasingly competitive and international marketplace.

In doing so, Almondco focuses on the aspects of its business it can control and improve, thereby harnessing and increasing its competitive advantages to overcome these challenges and remain competitive into the future.

### What does this case study show?

This case study demonstrates that strategically aligning your competitive advantages and capabilities to market requirements can result in a strong and healthy future – even in the face of drought, labour shortages and other market challenges.

To excel in its industry, Almondco has developed a strong foundation based on premium quality products and service, and identifying and responding to market requirements and opportunities.

### The next step?

The future is bright for this quiet South Australian achiever.

A major export program is underway which has seen exports grow from 6% of total sales in 2005, to 37% in 2007. Export growth will continue to be a key focus of Almondco's forward plan, with the company aiming for exports to represent around 80% of its total supply by 2015.

Almondco's forward planning and forecasting program has positioned the company well to accommodate its future growth, during which it will consolidate 70 years of proven success by continuing to benchmark industry best-practice almond growing and processing standards, maximise grower return and satisfaction, and enhance the competitiveness of the Australian almond industry.



### Food in SA – A snapshot

Food is vital to South Australia's economy.

The agrifood industry currently contributes \$11.5 billion to the state's economy each year – and accounts for 145 000 South Australians jobs.

The majority of South Australian food industry businesses are small to medium operators.

Agrifood products contribute approximately 25% of exports from South Australia. Wine exports add a further 25%.

South Australia's major export markets are Japan, USA and Hong Kong - with products such as Meat, Seafood, Fruit and Cheese on tables and kitchens worldwide.

Under the South Australian Food Plan – which underpins the future development and growth of the State's food sector – a key target is to increase the value of finished foods by 8% per year.