

RICHARD GUNNER

RGFM Pty Ltd



Richard grew up around the wine industry, with his father formerly owning a share in Orlando Wines, before it was sold to Pernod Ricard. He worked for Elders for three years before returning to the family farm business where he set up Richard Gunner's Fine Meats, using the beef grown on their own farm adjacent to the Coorong. Richard then purchased a butcher shop of his own, working there full time for nine months. He used this time to work out what he needed to do on farm to grow the type of beef people loved. At the end of this initiation into butchery, he had the confidence to approach restaurants with their branded beef, Coorong Angus Beef. The business has expanded to include a small chain of boutique butcher shops, Feast Fine Foods. Through them is offered a suite of branded premium meat products and a number of products developed by like-minded, dedicated farmers wanting to move their specialty products to market.

A farmer's journey up the value chain

Thirteen years ago Richard's family supplied feeder steers to export-focused feedlots, as well as supplying Woolworths Supermarkets with finished cattle. They also had a Merino sheep flock. In this presentation, you will hear the story of how the family has changed their focus and how it has resulted in far-reaching changes on farm as well as the development of an entire new business beyond the farm gate. The Gunner family is still looking at more opportunities to add further value to what they do, and have mechanisms for understanding what will and won't work based on the opinion and behaviour of the most important person in their whole farming system. Who is that? Come and find out.

MONDAY 12 MAY

 **9.00am**

Mezzanine Lounge

Value add – integrated chain management

Richard will talk about the successful implementation of a “paddock to plate” production and marketing programme. Value is added through four key areas: customer focus, sharing value along the agribusiness chain, development of strategic alliances and development of competitive advantage. Richard will describe how his business, 'Richard Gunner's Fine Meats' (RGFM), encompasses a diverse range of business units all working together to add value to primary production, and deliver exceptional products to both wholesale and retail customers alike.

MONDAY 12 MAY

 **1.30pm**

Room 6

Heritage Listed Coorong



My family has farmed down near the Coorong where the Murray river meets the sea for the past 25 years

Back in the 1990's we were fairly simple livestock farmers – turning a few off for the supermarkets – trading a few through here and there when we had a bit of extra feed. We ran a couple of thousand merinos as well.

But we are not the sort of people that like to sit still ,so by 2001 we had made quite a few changes we had installed our own cattle feedlot, we joined Team Te Mania so we could be at the cutting edge of Angus Cattle genetics, we had sold the sheep and in the process we had built up to about 2000 breeding cows

But 2001 was where we left the road and headed down the path less travelled

We purchased a butcher shop and began to supply our own beef into it. The genesis of this was that unlike many farmers whose attitude towards a home killed beast is to “use that one – get the gun quickly and shoot it before it dies” we always ate one of the best steers we grew and we knew that it was better than average beef.

The shop we purchased was chosen after much thought and was not a random act but part of a plan that required quite some patience.

The shop was not bought just to flog a bit of beef it was bought to act as a cornerstone in a branded beef business and it was used for the first 12 months as a feedback mechanism on the beef we were growing.

The intention was always to have a brand and we had attempted to take a brand into the marketplace some 2 years before only to have the highly respected butcher we sold carcasses to turn around and sell it in his shop window as “King Island Beef” – he told us that was the way he got a bit more for the good stuff. I think we were supposed to be chuffed that we had “made the grade”

From that moment on we knew in order to have total confidence the only way forward for us if we really wanted our brand to work was for us to control the whole process. This has led to a lot of challenges a lot of mistakes but in the long term through taking this path less travelled we have evolved a different way of doing business that will see us move into the future with tremendous confidence in our business and industry. And most importantly confidence that we will be able to adapt to whatever the world can throw at us as in the past 7 years there ahs been no shortage of changes and ups and downs to test whether what we were doing was robust enough.



A lot of the motivation to take our product beyond the farmgate was that we felt like everyone else but us was making the money from our hard work.

Very early on we learnt a valuable lesson that continues to this day

The consumer is the ultimate arbiter of how much something sells for they have to see the value in what you are selling.

Sounds obvious but in agriculture you are often a long way from your consumer and in truth we knew little about what they wanted we actually grew what suited our landscape

We had to make changes and we had to adapt how we operated on farm

And we continue to adapt our farm to suit what people want to buy from us to this day which I will expand on more later.

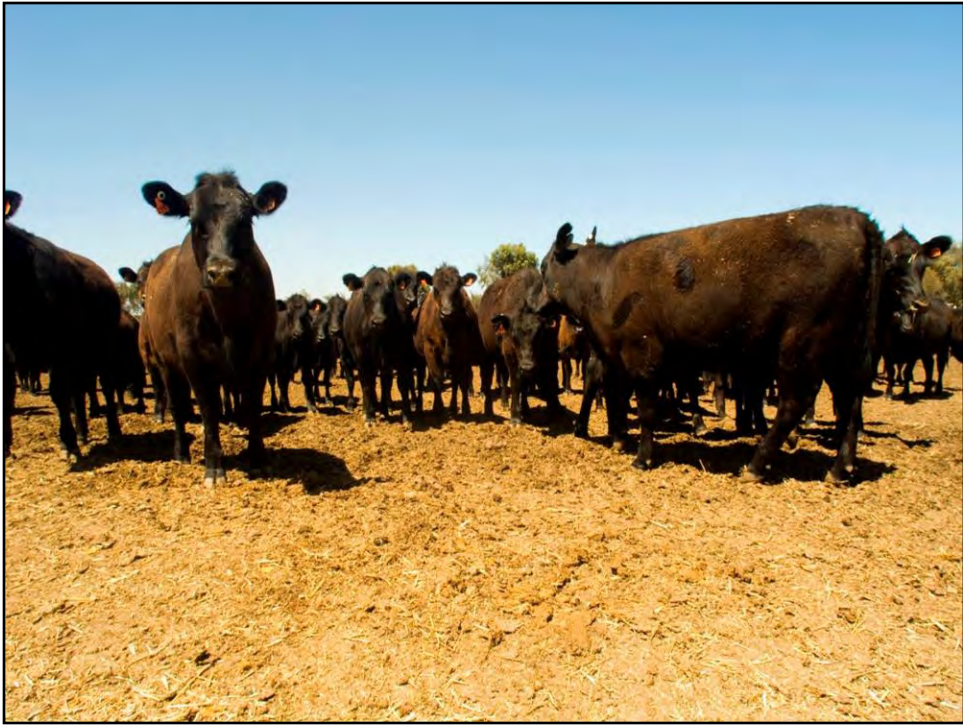




















Which brings me to brands.

One of the confusing things I have come across now that we are closer to consumers is I have seen a lot in the way of contradictory truths Consumers want cheap and expensive and healthy and indulgent and a myriad of other diametrically opposed attributes. The contradictions may be different groups of consumers or it may even be the same consumer on different days of the week .

By way of example a customer of ours could typically buy the lean mince special for a mid week spag bog and then splurge on Wagyu steak for a weekend dinner party.

We are living in an era of mass customisation and individualism and the modern consumer has very high expectations.

The way we seek to cut through and find those people who want our set of attributes on a given day is via our brands. A well crafted brand gives the consumer a way to know that a certain product is going to deliver on the particular attributes they are looking for at that particular time.

Nearly everything we do is branded and when i talk brands I am not talking about a fancy box lid – I mean a brand that delivers a consistent product and has attributes such as breed, feed, age, animal welfare, chemical use etc etc

We have 2 flagship brands and I will concentrate on them and how they deliver for our business

Our first and largest is Coorong Angus Beef in 2002 we processed 10 head per week and we now do 100. In 2002 we wholesaled scotch fillet at \$15/kg and we now get \$28/kg. So in 6 years we have increased our volume 10 times and nearly doubled our price. This is the power of a brand. Coorong Angus Beef is a grain assisted product , 75% genetically Angus , hormone free and sourced from the SE of SA. Importantly it is MSA graded and this grading data has been used to fine tune sourcing, finishing , slaughter and aging protocols an systems in order to deliver the best possible result at the lowest possible cost. Coorong Angus Beef is not necessarily the best beef on the market but it is one of the most consistent.

The second major brand in our stable is Pure Suffolk Lamb. This was introduced to us by some passionate breeders of suffolks who saw what we were doing with our Coorong Angus beef product. We were skeptical at first that there would be anything different but we gave it a go

































Key to transforming our business from one where we waved goodbye to our steers as they left the farm was a change in focus within the business.

That change was a change in mindset.

When we got closer to the consumer we found that our customers didn't want exactly what we were growing on our farm and at this point we had an important choice to make. We could see what price we needed to drop to to "sell what we had" or we could change our system to "deliver what the customer wanted"

Neither is particularly palatable lowering overall return and thus looking for corners to cut on farm or changing the way we had set up for years with the possibility that this new system may cost us a lot more.

The critical part of the course we then took was based on the fact that I had worked in the shop day in and day out and had confidence that something better than average could attract a better price and that from an on farm perspective the race to being the "lowest cost of production" as we are often taught is one that didn't make a lot of sense to me having handled pork and chicken which landed in our shop at a cost we could never hope to compete with.

I feel very strongly having taken this path that there really is no other choice if you want any control over your own destiny. You have to be driven by the consumer - not necessarily "the customer" but the consumer

Needs to be what consumers value not what you think is important or what the person who you sell to is important and you have to deliver this on a consistent basis



However even our flagship brands have had to adapt, we now feed the grain our Coorong Angus Beef eat in a bin in the paddock. We concentrate on wethers in our pure suffolk lamb business as a lucrative opportunity to sell ewe lambs has opened up in China

We have also developed new products such as a dry aged rare breed beef and sell other farmers saltbush lamb as a result of listening to what our customers were asking for.

We don't see or think that selling someone else's saltbush lamb compete with the lamb we grow ourselves we see it as keeping our customers happy with a product they want that we don't have the right farmland to produce ourselves

At this point I would like to give you a couple of examples where well run primary production businesses failed to Cautionary tales Ludvigsen's, Limestone coast lamb

Fortunately in beef in Australia we have a unique tool in order to understand what consumers preferences are in respect to one of the most important attributes that consumers value – which is tenderness. The MSA beef grading system has a database of 500,000 consumer taste tests that not only tells you where you are in terms of tenderness on a week to week basis but also provides a pathway to improve the quality of what you produce – unfortunately this is

Through connection to the consumer we can be aware of changes as they take place and can combat one of the major conundrums facing agriculture today – consumers want to know more about where their food comes from and how it was produced yet at the same time they are becoming increasingly disconnected from farming and other rural issues. This can lead to issues like livestock's contribution to climate change being hijacked by vegetarians and city consumers have no realisation of the environment livestock are run in and the carbon cycle taking place on farms all day every day. We need to connect to consumers to ensure both our own profitability as well as to head off threats that would see us all out of business



To finish I would like to say that going past the farm gate has been a roller coaster ride. There is a great sense of joy and satisfaction from connecting with the people who eat what you grow

However it has been a sobering experience to see how disconnected city dwellers have become from rural farming practice and I would urge all of you as well as Beef+Lamb to do every thing you can in every way possible to re engage and re educate your city consumers as our Live Export industry in Aust felt the impact of a lack of engagement around 2 years ago and the businesses involved in that are only just now getting back on their feet