Case Study Initiative – Value Cycle business models

Guidelines for Authors

At a glance

The Department of Primary Industries and Regional Development (DPIRD), through its Asian Market Success (AMS) project, is seeking national and global case studies on joint or collaborative business arrangements that have the potential to enhance the export competiveness of agriculture and food sector businesses. The case studies sought are related to what can be best described as value cycle business models (see Attachment 1 for more details).

Applications for the Western Australian Government Case Study Initiative open on Thursday 30 August 2018.

The deadline for applications is Wednesday 3 October, 2018.

The Case Study Initiative will invest up to $200,000, with individual contracts of between $5,000 and $15,000 per case study (Australian dollars, excluding GST). Applicants may submit multiple applications. No successful applicant will be awarded a contract for more than three case studies.

This is a competitive process. Successful applicants will be advised on or before 16 November 2018. Commissioned case studies must be completed by Monday 28 January 2019.

Case study proposals must be submitted through an online portal: https://agric.smartgrants.com.au/AMS_Cases.

Case Study Initiative overview

The Case Study Initiative seeks to assist Western Australian agriculture and food businesses by presenting a suite of case studies describing the development and operation of value cycle business models. Such models position businesses to achieve:

- High yields,
- Large operations,
- Proven/scalable systems,
- Efficiency and productivity, and/or
- Scale and competitiveness in export markets.

By value cycle we mean a forward contract between business partners, where the producer-end agrees to supply a product and services to a market-facing business. Such arrangements may otherwise be commonly referred to as a joint venture. In return the market facing business pays an agreed price and enables transparent market feedback. Additional details on value cycle business models are outlined in Attachment 1.
Case studies are sought from local (Western Australian), national and international sources.

We seek value cycle case studies for grains, livestock, fruit, vegetable, food processing and seafood sectors. Such models may include organisations in several positions up and down the supply or value chains such as genetics, production inputs, farms, logistics, packaging, digital, food science, export marketing and sales, food service, supermarkets, manufacturers and consumers.

New or refreshed case studies that provide practical business management insights into the successful planning, development and operation of value cycle business models are sought.

Cases studies from beyond the agriculture and food sectors may also be considered where such cases bring to light strong, practical business management insights judged to be particularly important for the target industry sectors.

The question to be addressed through the case studies is: How can value cycle business models offer existing businesses in the agriculture and food sector enhanced means of achieving international competitiveness and export growth?

Scope of the Case Study Initiative

The Initiative will support the development of case studies that help build the Western Australian agriculture and food sector’s capacity to innovate down the cost curve and up the customer value curve.

Value cycle business models are described in more detail at Attachment 1.

The case studies should:

- Describe how businesses have achieved tangible success by working together on specific, clearly defined, joint objectives
- Outline how this collaborative business arrangement led to reduced production costs and/or increased customer value to improve business performance to meet the demands of competitive export markets

Eligibility criteria

Case studies that meet each of the following criteria are eligible to be considered for a contract:

1. The case describes the formation, development and operation of a value cycle that hold advantages for business competitiveness
2. The value cycle is for export markets
3. The case extends beyond describing “what” has been done to also provide insights into how and when
4. The case provides value-added insights for Western Australian business decision makers

Merit criteria

Case studies that meet some or all of the following criteria will hold strong merit for the purposes of this Initiative:

1. organisations in a variety of positions up and down a value chain
2. enabled by the formation of a new entity
3. implementing systems that enable key activities of the collaborative enterprise
4. include clear business performance metrics
5. metrics describe the performance uplift due to collaborative business arrangements
6. understanding customers – B2B and B2C
7. strategic targeting of export markets
8. redesigning business processes to deliver value and lower costs
9. business models that enable access to independent sources of capital
10. opportunities from new technology
11. innovative business models that hold other capacities for enabling entrepreneurship, driving competitiveness and export growth.

Low priority activities

The following forms of collaboration may be touched upon where the insights to be derived are highly compelling, but are not the focal point for this initiative:

- traditional activities of agricultural cooperatives, grower groups or industry associations,
- clusters, ecosystems,
- academic research, and
- activities limited to or predominantly related to the domestic market.

Preparing an application

Applications must contain sufficient information to demonstrate:

- The case study aligns with the focus and scope of the Case Study Initiative
- The case study is based on sound evidence and information
- Contractor has the capacity, capability and commitment to prepare the case study successfully within the time frame
- The case study will contribute value added insights to business decision makers based in Western Australia


To be considered for funding, completed applications must be submitted on or before Wednesday 3 October, 2018.

Please note the SmartyGrants system will close at automatically at exactly 12:00 midnight (Western Australian Time, +8.00 GMT) and will not accept applications after this time. Applications received by other means will not be eligible for consideration. If there is a question over whether an application is deemed ineligible, this matter will be resolved by the responsible DPIRD officer. There will be no appeal regarding eligibility or late applications.

All applicants will be notified by email that their application has been received.

Assessment and selection

Contracts will be issued through a competitive merit-based process.
DPIRD will appoint an independent selection panel with suitable industry, technical and scientific expertise to assess the applications and make recommendations to the Project Steering Committee.

Conflict of interest issues will be assessed and managed for each project and each panel member. The information provided by applicants will be treated confidentially.

Projects may have conditions attached that may need to be addressed before a contract for payment is released.

All funding decisions are final. All applicants will be notified in writing of the outcome of their application.

**Obligations of Service Providers**

Applicants who are successful in their Case Study application will become contractors, once they enter into a service contract with DPIRD. Contractors will be responsible for the delivery of the case study in accordance with the terms and conditions of the Service Agreement with DPIRD.

Contractors will also be responsible for coordinating collaborators, if applicable, that the applicant has a relationship with for delivery of the project.

**Further information**


**Contact:**
Questions may be directed to:

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Value Cycle Business Models

A value cycle begins with a market-driven business arrangement between producers and other supply chain participants. The parties set up a formal agreement to meet the needs of a participant in the value cycle closest to the customer end of the supply chain. These in-market businesses might include, for example, a major supermarket chain in Hong Kong or food distributor in Singapore. Such businesses can provide the producers with insights about what customers want in that specific city or country. The aim is better connectedness within the value cycle.

This enables greater value to the customer – whether its price, quality, specifications or a combination of these things.

A two-way relationship between the suppliers and the in-market customer-facing business forms the value cycle. Value cycle business models come in many shapes and sizes. The models for export growth that currently appear aligned with success include one or more of the following features:

1. Led by the customer and is market specific i.e. the design of the business and the bundle of products and services delivered, is centred on meeting the needs of the customer in that market
2. Components within the value cycle arrangement are aligned to contribute towards customer value
3. The deal creates a strong value proposition for each of the collaborating parties
4. The size and structure of the business model is defined to suit the individual circumstances of the deal i.e. there is no such thing as a “one size fits all” approach
5. A balance is struck for sharing risks and rewards so that incentives are aligned for each of the participating parties
6. There is open and transparent communication amongst value cycle participants. The communications meets the needs of parties based on the roles they play within the value cycle i.e. detailed product specifications for producers; customer feedback for producers and marketers, quantity and quality forecasts for producers and marketers
7. Professional marketing programs are invested and undertaken, based on a sound appreciation of customer needs and consumer value that supports the achievement of optimal returns to each of the participants
8. There is recognition of the different skill sets and cultures that exist between the growing/production and marketing functions and the need to ensure that every component in the business arrangement performs strongly to deliver the common goal
9. Strong entrepreneurial, management and governance capabilities are present to enable a competitive growing international business
10. The ability to access resources, and to maintain progress and competitiveness in the face of strong international competition
11. The establishment of a new entity to undertake defined roles, enable new practices and secure new resources.

Some of the outcomes that may be delivered by engaging in such innovative business models can include:

- increased scale to achieve international productivity benchmarks
- proven scalable systems
- upgrading or new processing or production facilities, capital equipment, major infrastructure or specialist equipment
- implementing new technologies
- improving efficiency, quality standards and provenance assurance
- controlling intellectual property
- aligned incentives amongst members
- shared risks
- enhanced capital efficiency
- better market knowledge
- enhanced access to capital.