

Project

Subject Code

Student Name

Assignment Title

Names

ID

CONTENT PAGE

| | |
|-----------------------------|-----------|
| 1. Executive Summary | 3 |
| 2. Introduction | 5 |
| 3. TASK 1 | 9 |
| 4. TASK 2 | 12 |
| 5. TASK 3 | 14 |
| 6. CONCLUSION | 16 |
| 7. References | 17 |

Executive Summary

The current paper is business report for Silver Fern Farm business in New Zealand. The report features a brief introduction about the company, with respect to the year of establishment and description of brief background of the company. Then the report goes through explaining in brief about the members running this organization, followed by giving a brief report of Services and products of the company. Thereafter, the report helps in understanding the strategic steps taken by the company in its timeline and its further future plans. The report then critically evaluates the strategic business plan of the company through a description of SWOT Analysis in crisp manner. The report further discusses about the key drivers in the market place for Silver Fern Firm business in local markets and as well as in geographical markets. The report highlights the brief section of the latest news reported regarding the company and its decision to further grow the company in a competitive market place. It also mentions the key learning's of the company from its strategic initiatives and its impact over the business of the company. Further in this report we have clearly evaluated the implementation of strategic business plan. In addition to this recommendations of strategic initiatives have been mentioned for company's function outside the domestic market. Special key focus was upon evaluating the structural plans for China market. The report then concludes with the suggestions and recommendations which is an individualistic approach towards the overall business,, including the critical evaluation from each and every aspect as mentioned in report earlier.

Key words: Business Plan, Silver Fern Farm Business, Strategic plans, Key drivers for growth, SWOT Analysis, Evaluation of strategic plans

Introduction

Silver Fern Farms Limited is business of cooperative members of around 16, 000 plus farmers in New Zealand. It mainly deals with the procurement, processing and marketing of sheep, lamb, beef and venison. It was established in year 1948, and was named as Primary Producers cooperative Society. It was known as PPCS limited and remained minor player in the business until the early 1970's. Its management was revamped during early 1970's and hence its subsequent strategies changed later on. The company went on making profitable business in the geographical location after changes in laws in local region. Thereafter, it went to become market leaders in this business and expanded at very high pace. The strategic initiatives of the company resulted in acquiring companies and takeover of meat processing cooperatives. It resulted in establishing the company in leadership position and went to develop monopoly in the market. Later in year 1986, the company opened its holding company, named Apex limited. Apex limited was used as vehicle to acquire Canterbury Frozen Meat. Later in years the company kept on implementing its strategic goals aggressively and went on the capture the whole market. The company saw many ups and downs down the years. Until, later it renamed itself as Silver Fern Farms in year 2008, based upon a long standing brand of the company. Later by year 2013, the company suffered debt and recurrent losses which lead to restructuring of company altogether. Currently it is postulated that company's business is at present just profitable.

Re-organization in the company

The re-organization in the company took place in year 2014, where Silver Fern Farms business diversified by creating two more 100 % subsidiaries, i.e. Silver Fern Farms Beef Ltd. And Silver Fern Farms Venison Ltd.

The company restructured itself from just being a production-based company towards a highly strong market focused enterprise (Montage, 2017).

The key brands of Silver Fern Farms Limited are,

- Silver Fern
- Silver Fern Farms Premier Selection
- Grass-fed Premier Selection Reserve (beef)

Processing Plants

As of 2014, the company has fully functional processing plants, around 20 directly owned & plus has investments both in New Zealand and overseas markets having packing and processing plants with up-to-date technologies.

Strategic Advantage for the company are mentioned below

1. It produces 30 % of all New Zealand Lamb, Beef and Venison
2. It has over \$ 2 billion annual sales
3. Over 16,000 Sheep, Beef and deer Farmers are in partnership with the firm
4. It has 16 plants with 7,000 staff in the peak of the season

Vision Statement of the company

The vision statement of the company specifically stresses upon inspirational driven by the passionate people in the food industry. It mixes the inspiration with passion.

This is a unique vision which helps in defining the company what it wants to represent itself in the market and geographical locations worldwide.

Company's Belief Statement

The company beliefs are focused on following features

1. Passionate about food
2. Love food
3. Inspiration driven people
4. Understand the customers, stakeholders, partners, etc
5. Distinguishes itself as a strong player in the market (Silver Fern Farms Official Website, 2017).

News Reports

Dated 20 September 2016, Chinese firms made it clear to buy 50 % stake in Silver Fern Farms, which has been approved by an Overseas Investment office. In its pursuit towards achieving strategic initiatives, minister for land- Information Louise Upston mentioned the break though news of granting official approval of the **\$260 million joint venture deal for the company**. This was very good news for company the Silver Fern Farms Ltd.

The approval had strategic impact over the overall functioning of the company. Approving this deal would help the company in raising funds needed for its overseas expansion and also useful to increase its export market.

In his statement, the Silver Fern Farms chairman, Rob Hewett had said that its one of break through news for the company and New Zealand altogether. Getting a new investor would help in boosting the funds availability for the company. Hence, it could deal with the debts easily, without bothering about getting bad name in the service industry such as food industry (RNZ, 2017).

In year 2015, a published News report highlights the strong position of the company in the market place with profits before, Interest, tax, depreciation, and amortization came to \$ 86.9 m, up 28 % on \$ 68.1m achieved in 2014 (Gray, J., 2015).

However, the News in 2017 is not that favorable for the company. Company had itself reported on its website that it reported net loss in its over business operation for the year 2016 -2017. In addition the company reported impairment of \$ 7.5 million for the next 12 months on the income of \$ 2.2 billion dollars.

Operating income before interest, tax, depreciation, and amortization reported were \$ 32.1 m as compare to last year of \$ 90.5 m (Silver Fern Farms Annual Result, 2017).

TASK 1

Q.1.

SWOT ANALYSIS OF THE COMPANY

SWOT ANALYSIS is one of the best measures to look inside and outside and helps in taking strategic decisions for the top management.

IN SWOT, S is Strength of the organization, W is Weaknesses for an organization, O is opportunity for an organization, and T is Threats for the organization.

In these four aspect analysis, Strength and Weaknesses are Internal study and Opportunities and Threats are External study

SWOT of Silver Fern Farms Ltd.

Strength

- a. It has skilled workforce. The workforce of the company are highly skilled and are loyal towards company's growth. Human resources for any company are its most valuable asset. Here, for Silver Fern Farms, its human resources are its biggest strength in competitive market place.
- b. Another strength of Silver Fern Farms is high profitability and revenue generation. With leading player in New Zealand market the company registers high rate of income generation as compared to its competitors. If year 2017 annual results are not taken into consideration as of now, the company holds strong position in terms of revenue generation and profitability.

- c. Experienced business units: Silver Fern Farms hold strong position in the market as its all business units are highly experienced. Being experience in their favor, they would be capable enough to tackle any untoward future problems.
- d. Domestic Market: Silver Ferns Farms holds high strong hold over the domestic market. Right from the very beginning it has registered strong position for itself in the domestic market. Depicting its leadership position in the market, which is difficult for its competitors to take over.

Weaknesses

There are two weaknesses for the company.

- a. Future productivity: The company highly relies upon the delivery of raw materials. Hence, its highly dependent on it. This pose weaknesses for the company as its difficult to tackle the reduction in supplies for any service company.
- b. Future Market Size: The company has weaknesses of losing the market size in future. Which pose great weaknesses for the company.

Opportunities

Keeping aside weaknesses of the company, following are the major opportunities for the company itself.

1. Development of Newer markets: Company can include diverisification strategy in order to enter newer markets.
2. Growing economy
3. Global markets

4. Growing Demands

Threats

Following are the threats for the company.

Rising prices

Increasing raw material cost

Loss of financial capacity

Q.2

KEY CRITICAL SUCCESS DRIVERS FOR SILVER FERN FARMS LTD.

The three most critical success factors for the company which have resulted in its strong positioning in the competitive market place.

1. Strong Goodwill among customers, investors, stakeholders, small parties
2. Strong and committed human resources
3. Strong negotiation skills and relationship building skills
4. It has strength of 16, 000 farmers aligned to its business which helps it in leading the domestic right upfront

The company has targeted many outside domestic regions with its key focus on its sales in Germany, USA, China, Hong Kong, Singapore and New Zealand

Its strategic decision making ability with strong backup of numbers have resulted in key success factors for the company.

With more than twenty production plants the company has strong position in terms of meeting the demands effectively.

a.) Focus on Customers: Silver Fen Farms business specially focuses on meat production. It has product diversification in terms of Retail range, Restaurant range, Products range.

- i. Company has good report with customers due to its quality products and fresh supplies to meet the demands of its customers. The company leverages from high customer satisfaction and good rating for its products from customer point of view.

b.) Price Strategy: The company has put competitive pricing strategy for all range of its products for its customers. Due to low cost of its products the company leverages from high market share and huge customer base in New Zealand.

c.) Advance R & D: The Company has huge number of production manufacturing units in place. It has strong R & D and is known for its innovative product lines

d.) Target Markets: The company leverages from high value input from its positioning towards target markets not only restricted to New Zealand but also in different geographical locations outside domestic market.

TASK 2

Q.1

The company's strategic decision to tie up with Chinese firm in order to generate the revenue to clear its debts was one of the best strategic decisions taken by the company so far. Penetration into the developed market, with collaboration of strong

domestic player in the international market is one of the strong ways of diversifying the business into different geographical locations.

Strong Communication channels

The company has made strong relationships with all its customers, stakeholders and clients, which adds to the goodwill of the organization.

The company has restructured its top management brass which has resulted into newer decision steps for the benefit of future of the business.

Cultural Awareness

Company lays special interest towards getting aware of different cultures. Because of its strategic competence in understanding different cultures, the company could strike a deal with Chinese firm.

In New Zealand the company has leadership position due to its huge understanding of culture. Because of this strategic strength company strongly holds the competence of tie up with more than 16, 000 farmers across the country.

Q.2

GOOD STRATEGIC INPUT

One suitable strategy of the company is good governance. Good governance helps the company in setting up a leadership position in competitive market place.

It is participatory, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law.

Strategic OUTCOME

The company has leadership position with huge market capture. It holds strong position and perception in customers mindset. It has established itself as purely ethical company in the target markets.

b) Unsuitable Strategy

The company ignored the impact of BREXIT on its business. Hence, it didn't took any strategic decision for the same.

UNSUITABLE STRATEGIC OUTCOME

The company registered loss in its revenue for the current period. The company couldn't make any strategic decision for the known challenging period because of which it incurred a loss of \$ 30.6 m in current fiscal year (Boot, Sophie, 2017).

TASK 3

Q.1.

During analysis, no issues were found that there is degree of uncertainty in the management of the company (Silver Ferns Farms, Sustainable Business council report, 2016).

- a.) The company has strategic leadership team under its umbrella. The top management team which puts the company in leadership position are,
 - i. Dean Hamilton: He his chief executive officer of the company appointed in Novermber, 2014.

- ii. Sharon Angus: He holds the position of General Manager Marketing.
- iii. Phil Buck: He holds the strategic position of General Manager Plant operations

Due to its Strong top management leadership the company delivers quality foods for its customers, which has resulted in strong positioning of company among the customers mindset.

The company is known and perceived as QUALITY PRODUCTS driven company.

b.) Span of control: The Company has strong market share. It has huge span of control right from the supplier's side towards the customers side as well.

Q.2.

Country's Background: China market is very crucial aspect of future planning for the Silver ferns farms business. The market is attractive in terms of business.

The china consumers are highly non-vegetarian in nature, hence there is huge business and profitability scope for the Silver Ferns Farms business.

China is highly competitive industrialized nation. Because of which it holds strong position of huge business scope.

China is communist nation and has flexible policies for the upliftment of businesses in its geographical locations.

- b. Reason for recommendation: China business would give stability to the business of the organization and would help it in maintaining sustainable highly profitable margins in future.
- c. Appropriate structure: One of the most prominent ways of establishing the business in china is through representative office. It has advantages over franchise and 100 % subsidiary business models. Tax laws are very simple in china. Because of which foreign companies get attracted to consider china for foreign business or out of domestic market business (Business structure in China, 2017).

Conclusion

Silver ferns farms business is highly leader in position in the domestic market. In order to boost its economic conditions, it requires to step into favorable international markets, so that it could cope up with the debt scenario it is facing currently.

Setting up production plants such as in china would help in boosting the revenues for the company like never before.

It is thus highly recommended that having strong workforce behinds its back, the company shall use aggressive business strategies to make it come out from financial crunch it is facing currently.

References

1. Montage. (2017). Silver Fern Farms. Accessed from:
<http://www.montage.co.nz/client-success/client-case-studies/silver-fern-farms/>
(Accessed on: 25.03.2017).
2. Silver Fern Farms Official website. (2017). Accessed from:
<http://www.silverfernfarms.com/our-company/our-beliefs/> (Accessed on:
25.03.2017).
3. RNZ. (2017). Chinese Firm cleared to buy 50 % of Silver Fern Farms. Accessed
from: <http://www.radionz.co.nz/news/business/313764/chinese-firm-cleared-to-buy-50-percent-of-silver-fern-farms> (Accessed on: 25.03.2017).
4. Grey, J. (2015). Strong result for Silver Fern Farms. Accessed from:
http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11542478
(Accessed on: 25.03.2017).
5. Silver Fern Farms Annual Result. (2017). Accessed from:
<http://www.silverfernfarms.com/index.php/our-company/latest-news/silver-fern-farms-annual-result/> (Accessed on: 25.03.2017).
6. Silver Ferns sustainable business council report. Accessed from:
http://www.sbc.org.nz/_data/assets/pdf_file/0008/118529/JaneTaylor_SFF_SBC_ACM_July2016.pdf (Accessed on: 25.03.2017).
7. Boot, S.(2017). Silver Fern Farms sinks to \$ 30.6 million loss. Accessed from:
http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11783165
(Accessed on: 26.03.2017).

8. Business structure in China. (2017). Accessed from:

<http://negociointernacional.bancsabadell.com/en/china/type-of-corporate-structure/> (Accessed on: 26.03.2017).