



National Certificate of Educational Achievement
TAUMATA MĀTAURANGA Ā-MOTU KUA TĀEA

Exemplar for Internal Achievement Standard

Agribusiness Level 3

This exemplar supports assessment against:

Achievement Standard 91869

Analyse future proofing strategies to ensure long term viability of a business

An annotated exemplar is an extract of student evidence, with a commentary, to explain key aspects of the standard. It assists teachers to make assessment judgements at the grade boundaries.

New Zealand Qualifications Authority

To support internal assessment

	Grade Boundary: Low Excellence
1.	<p>For Excellence, the student needs to comprehensively analyse future proofing strategies to ensure long term viability of a business.</p> <p>This involves evaluating and justifying the recommended future proofing strategy that best meets future needs of an identified business to ensure long term viability.</p> <p>The student addressed the environmental, social, and economic influences that affect TBL, and explained two future proofing strategies in detail (not shown in this excerpt).</p> <p>The student has started to evaluate the strategies in terms of the advantages of each one, explaining how the research could be used to prepare ahead for a possible methane cap (1). The student also evaluated an environmental tick to enable premium prices and secure a market share of environmentally concerned consumers (2).</p> <p>The student has to some degree explained financial control, inflation and consumer income, with a focus on the brand and market share.</p> <p>The student has recommended a strategy and explained why it is the most effective option, justifying it in terms of TBL creating a unique selling point, branding and securing a market share of environmentally concerned consumers (4).</p> <p>For a more secure Excellence, the student could provide further evaluation of the strategies, considering the disadvantages as well as advantages. The student also needs to demonstrate a clearer understanding of business. For example, in their explanation of the economic strategy there would be recognition of the need to control expenses and maintain resources.</p> <p>The student would also need to devise an economic strategy that could help future proof the financial profitability and viability of TBL. Explanations of premium pricing or financial control could be expanded (3).</p>

Future proofing refers to a process of anticipating the future and what it may hold, using this to develop strategies to mitigate negative implications which may occur while effectively utilising positive implications of shocks and stress as a result of future influences or trends.

To remain viable, businesses devise future proofing strategies which are actions that businesses take to improve their viability in the future. External influences may create obstacles that businesses will have to strategize against to mitigate consequences.

Environmental - *Develop Environmentally Sustainable Farming Methods*

A strategy that TBL may use to ensure it stays in business includes that it keeps developing and sustains its current environmentally sustainable farming methods. After the Nitrogen cap, the owners introduced an underground laboratory to measure and test the subsequent implications of nitrogen. With an employed scientist, they have managed to discover scientific environmental findings such as revealing that of all grasses Lucerne absorbs the most nitrogen. They also changed their stock to a Charolais breed which grow much faster than most other breeds, meaning that their animals don't have to stay on site for too long, and do not leach as much nitrogen.

In the future, TBL needs to keep finding new ways to help the environment via sustainable farming methods. They may be able to do this by starting to **develop ways to lessen gas emissions from their stock i.e. methane. This means that they will be well ahead of a potential methane cap that could be put in place. In doing so, they will keep paving the way for environmentally sustainable farming and maintain their success for many years to come.**

Social - *Establish and Maintain Branding*

As stated previously, TBL have created an environmentally friendly business, producing meat of high value, following their philosophy to “*produce an exceptional product from a pristine environment.*” In order to maintain their viability in both the short and long term future, TBL must keep developing and establishing their brand.

Currently, TBL have built the foundation for a great brand by making sure that they have taken the right steps in terms of looking after the environment. **They are audited annually by the government, for which they can receive a tick to put on their packaging** as evidence to their consumers that their brand is true and honest in their environmental efforts in production. It is really ‘*Grown Right Here.*’ **This will allow TBL to hold onto their market share in the future, and these branding efforts mean they are getting a premium price for their meat. This would ensure that they are viable well into the future.**

Economic - *Financial Control of the Business*

In order to maintain and keep building on their profitability, TBL must strategize by remaining in financial control of their business. **The success of their business is driven by consumer demand, which means that the brand must always take their consumer into consideration, particularly the willingness and ability of consumers to purchase their product. To maintain their market share, TBL must consider current financial trends when predicting sales volumes, and be aware of other economic effects such as inflation which may decrease the disposable income of consumers.**

By ensuring they can meet the price that consumers are willing to pay, and that they are willing to supply at, TBL will be able to remain competitive in the premium market for meat, therefore holding on to their market share.

From my perspective, maintaining and continuing to establish their branding is the most effective strategy to ensure that TBL stays in business well into the future. This is because the brand is the backbone of the company, which influences its success as a company, as it is what creates the unique selling point in the market when compared to other meats, whilst also remaining under the Nitrogen cap. As stated previously, by being audited annually, TBL receives an environmental tick from the council which not only shows their environmental conscience, but also indicates their organised traceability back to the farm. As a result, they will be able to hold onto their market share well into the future and continue receiving a premium for the meat. 4

By using this strategy, they will be using and turning the environmental influence into an advantage, because in order to maintain their branding, they have to remain annually audited. As a result, this will influence TBL to keep innovating new ways to sustain their positive environmental reputation, maintaining the current water quality well into the future. As a result, they will effectively stay within their Nitrogen cap, which means that they will be viable well into the future because of their ability to stay within the cap.

Along with this, the strategy positively impacts the economic influence on their business. Ensuring that their brand is well established and keeps building into the future means that their meat will remain a premium product in the market. This is because by ensuring their brand is maintained, they are adding value to their meat, creating a unique selling point which may influence consumers to continue purchasing their product in restaurants over mainstream meats which do not share the same value. Thus, they will be able to keep meeting the values and demands of consumers, holding and broadening their market share. Overall, this would increase their presence in the market, potentially increase profits and improve their economic viability well into the future. 4

Overall, this strategy is the most effective strategy because of its ability to meet the future needs of TBL. By building on their brand, the business will continue to be a premium product which consumers will be very willing to purchase due to its value, quality, traceability and the positive impact it has on the environment when compared to substitute meats on the market. As a result, TBL will remain viable, and continue its success well into the future. 4

	Grade Boundary: High Merit
2.	<p>For Merit, the student needs to analyse, in-depth, future proofing strategies to ensure long term viability of a business.</p> <p>This involves giving a thorough explanation of future proofing strategies to ensure the long-term viability of a business. This includes explaining each strategy and recommending the strategy that best meets future needs of an identified business.</p> <p>The student addressed some environmental, biological, social, and economic influences affecting TBL (not shown in this excerpt).</p> <p>The student has explained the scientific gender and breeding strategy and early culling strategy to reduce nitrogen (1). Strategies around maintaining and using the environmental tick for branding and premium pricing (2) are also explained. An economic exporting strategy explains expansion of the existing market to include Japanese consumers (3).</p> <p>The student has recommended and explained why the chosen strategy is the most effective option (4). Additionally, the student has started to evaluate the strategies, considering some advantages and disadvantages, and partially justified the recommended strategy (5).</p> <p>To reach Excellence, and demonstrate comprehensive understanding, the student could provide more depth in their evaluation of the strategies. Considering the disadvantages as well as advantages of the strategies would add further justification to the evidence.</p>

One future proofing strategy is finding ways to have success with the limits they are having to **work around with the nitrogen cap**. This will work best where the land has been situated. The owners made the choice of picking a sheep and beef farm as a beef and sheep farm is better for the environment than a dairy farm, because, Beef, Sheep and Deer farms are leaching 17 kg/ha of nitrogen, and dairy farmers are producing 45+kg/ha of nitrogen. This is caused by the way the animal's pee, Sheep urinate a little and often: they might urinate 15 times in 24 hours; young cattle urinate 10-12 times in 24 hours, "Mature cows urinate four or five times in 24 hours, so the need is to aggregate the nitrogen of the larger animals. Deer are between sheep and beef". **Having a beef farm is more beneficial for TBL as beef animals are only on the farms for short periods of time before the urine from the cattle turns into bad toxins being released.** TBL have also tried to reduce the amount of nitrogen that their cattle are peeing by feeding more salt, this dehydrates the cattle allowing them to increase the amount of water intake. By increasing salt and water intake it then starts to mellow down the amount of nitrogen that the cattle are leaching into the environment. TBL are starting to future proof as they are trying to decrease the amount of nitrogen leaching that has been going into the lake by experimenting on what their cattle are eating and drinking, this is then going to have a big impact on the future of the Lake. **TBL have been using the nitrogen cap to their advantage,** the less stock that they have to maintain the healthier their cattle will be, this means the better the stock the more money they can get from their cattle. ①

Another future proofing strategy that TBL has put in place is finding the best way to breed cattle to be more environmentally friendly. **TBL have selected Charolais-Angus cross to be the most efficient, this is because they have a fast growth rate.** Using predominantly a Charolais-Angus cross, they tend to gain more weight than a straight breed, so they don't have to keep the cattle on the farm for long periods of time. This is having an effect on the amount of nitrogen that is being leached since the Charolais-Angus cross grows at a faster rate. **TBL is only buying in 6-month old cattle and sending them to the works at the age of 14-20 months.** TBL have used this method and the chosen type of cattle as they reach their mature body weight very quickly as older cattle become less efficient in converting the nitrogen and it starts to consume into protein and they start to pee out more nitrogen. **Because of early culling, the cattle do not age to the point where they produce large amounts of urine, this is another future proofing strategy for TBL as they are sending the stock to the works before they can start to produce harmful urine.** They don't have to keep the cattle on the farm for long periods of time but still produce 320-350kg of carcass weight per hectare. Their farm surplus is about \$1000 a hectare. This will reduce the nitrogen that is being caused by the cattle. As TBL state "I run my business now on a different metric – dollars profit per kilogram of nitrogen leached. A breeding cow produces one calf per year; leaching a truckload of nitrogen doesn't cut it". This is implying that breeding their own cattle is more of a loss. As explained above the older the cows the more nitrogen is being leached, so buying in cattle at the age of 6 months reduces the amount of nitrogen that is getting into the Lake. ①

TBL are future proofing by branding, and the pricing of their product. TBL is a premium meat farm that is protecting the water quality of the Lake. TBL have the **huge benefit of gaining the environmental tick, which is an award that recognises environmentally sustainable farming.** It is believed in the farming industry that when a business has an environmental tick, that consumers are willing to pay more for their products. TBL has been established as an experiment to see if consumers are willing to pay a premium for beef that is produced in an environmentally friendly way. ②

TBL have come together with the aid of the Lakes & Waterways group and **have come up with a brand for their local farm, this is to see whether consumers are willing to pay a premium for their top quality meat.** With consumers paying premium money, the consumers are covering the extra costs of protecting the Lake. TBL have also been **price experimenting with restaurants,** this has since proven that TBL have a brand that enables them to price their steak higher than other meat on the menu and it was still one of the top meals bought by the consumers.

For example, a chef's choice rump steak is sold for \$23.90, while TBL rump steak is sold for \$28.50 per kg. A chef's choice eye fillet is sold for \$59.90, while an eye fillet from Taupo Beef is sold for \$67.50 per kg. TBL have used premium pricing, which is helpful in the long term, even with a stock limit they are still able to achieve a sustainable profit. **The environmental tick is also embracing Clean Meat.** The environmental tick outlines that they are environmentally friendly and have eliminated those harmful toxins that are in meats. Mosa Meats told Shapiro in Clean Meat: "Twenty years from now if you enter ②

the supermarket, you will have the choice between two products that are identical. One is made in an animal. It now has this label on it that animals have suffered or have been killed for this product. It has an eco-tax because it's bad for the environment. And it's exactly the same as an alternative product that's been made in a lab. It tastes the same. It has the same quality. It has the same price or is even cheaper, so what are you going to choose?" Clean Meats will only make mince products but will be far cheaper and environmentally friendly. This is going to put TBL ahead in the future as they are going to have the environmentally friendly meat from animals not beaten or suffering. TBL are going to be socially affected as consumers are wanting quality meat and TBL has all the right ticks for having an environmental farm. 2

Another way that TBL has future-proofed their business is by expanding their meat into the Japanese market. In order to do so, TBL make modifications to the way they handle and cut the meat. The Japanese market likes their finished cuts close to the bone and they do not use meat hooks in the cutting process. This is because they have a specific way of how they cook meat. TBL have a marketing partner that guarantees the meat is up to standard and the Japanese market embraces their business because of their willingness to meet their standards. This includes making sure it arrives safely. Adapting to these needs allows them to receive ongoing support from the Japanese market and increases their profits. Doing this also allows other overseas markets to notice the dedication they make for other markets. 3 5

Out of all the strategies I have discussed above, the one that best meets the needs of TBL is the research that eliminates the nitrogen on the environment. The in-depth research that TBL has done is the insurance for long-term viability. This is because of new information they have found out to minimize nitrogen, because of the research they are meeting current needs of certain customers, and they are ready to take on new challenges that they may come across. 4

TBL have become reliant on the research to find ways to make less impact on the environment, by doing this they will be protecting the lake for future generations, and have future proofed their business. The strategies that are helping to protect the Lake will be beneficial as their business will be able to have success in the future without TBL being at risk of damaging their reputation. TBL have been doing constant research to limit the nitrogen that has been leaching into the Lake. TBL have to take into consideration that if their research fails with the information about how to reduce the nitrogen leaching into the Lake, people are not going to want to support the cause of protecting the Lake. 5

Another strategy that would also be helpful for the future proofing of TBL is the branding of their company and the pricing that they put in place. This is useful to them as it gets them visibility, but the underlying research has more credit in the long term. TBL have great pride, and they use this as a way to market themselves, by making sure that the consumers know that TBL is protecting the environment. This marketing has been useful, as consumers are likely to support a business that is doing right for the community and waterways. 5

TBL have been successful in the way they market; this has allowed them to expand their products into the overseas markets. For example, the Japanese market. For TBL this has proven to be good future proofing as they are able to gain more profit with the limited stock allowed on this catchment farm. TBL have also increased their catchment by gaining other farmers that are willing to protect the Lake. This is helpful for the owners as it is going to increase the overall profit. This highlights how adding more farms from the catchment is helpful. Without the research, as well as other facts that include finding out what the overseas markets are looking for in meat, TBL would have struggled to gain a market from all these consumers and other farms in the catchment. 4 5

I can conclude that research is the best future proofing strategy. This is because when taking away the research, the other strategies would then become weak and not be able to work together as well and the business would not remain viable. This is because each strategy relies on the research that TBL has put in place. Without the research, the other future-proofing strategies that have been managed above may become ineffective for TBL. 4

	Grade Boundary: Low Merit
3.	<p>For Merit, the student needs to analyse, in-depth, future proofing strategies to ensure long term viability of a business.</p> <p>This involves giving a thorough explanation of future proofing strategies to ensure the long-term viability of a business. This includes explaining each strategy and recommending the strategy that best meets future needs of an identified business.</p> <p>The student addressed some environmental, biological, social, and economic influences affecting TBL (not shown in this extract).</p> <p>The student has explained three future proofing strategies. These are an early culling strategy to reduce nitrogen (1), a biological gender and breeding strategy (2) and a strategy around maintaining and using the environmental tick for branding and premium pricing (3).</p> <p>The student has recommended and briefly explained why charging premium prices is the best strategy to ensure TBL's long term viability (4).</p> <p>For a more secure Merit, the student could also provide an explanation of how the early culling and specific breed and gender strategies affect TBL's long term viability.</p>

Culling animals earlier - Economic

The availability of scientific research has provided TBL with a strategy for the scientific influence. Installed lysimeters in their scientific lab has enabled them to make a good estimate on how much they are leaching. This science enables TBL to deal with nitrate leaching in the soil. TBL analysed that younger animals made \$22 more profit than older animals per nitrate leached, figures showed that young animals made \$66 per kilo of nitrate leached of profit compared to older animals making \$44 per kilo of nitrate leached. This is because younger animals were more efficient at digesting and absorbing the nitrates within the grass, compared to older animals who were inefficient at digesting the nitrates within the grass and excretion to be inevitably absorbed into the water table. An economic strategy to deal with this helpful scientific influence was TBL initiating the culling of animals when they were aged 14-20 months at 350 kg weight to the hectare. This enabled TBL to have animals who were younger and most efficient at absorbing nitrogen and excreting less into the water table compared to older animals. This positively affected their business plan and enabled TBL to earn \$22 more profit per animal. ①

Specific Breed and Sex - Environmental

The environmental influence of the nitrate cap has meant TBL has had to use science to their advantage, which has enabled them to research which breed urinates the most and which breeds urinate the least; as well as which breed grows more efficiently in the 14 - 20 month period. It has enabled TBL to discover that males are more efficient at spreading urine than female cows, these variables have been considered in their business plan so they can maximize the efficiency of their farm. From research they were able to identify that the Angus Charolais Cross was the most efficient breed at gaining mass within the 14 - 20 months without the assistance of growth hormones or steroids. Not only this, but TBL was able to identify that male cows leach less nitrate than female cows. This was because male cows generally seemed to walk and excrete - spreading the urine, the urine being spread out meant less nitrates would be leached into the soil. Whereas, female cows generally stood in one spot and urinated creating a higher concentration of urination in a single spot, inevitably leading to more nitrates leaching into the water table. The science equipped TBL to evaluate specific breed growth times as well as the urination patterns of female and male cows, satisfying the environmental influence of the nitrogen cap, as they implemented this strategy to decrease the overall nitrate leached. ②

The environmental influence of having restricted cow numbers to compensate for the nitrogen cap means local farmers income and revenue takes a huge hit. As farmers, TBL is also hit by the nitrogen cap but they are forced to deal with the strict farming requirements which involves avoiding genetically engineered chemicals used to increase profit margins and decrease growth times and mass. These take a large toll on TBL farmers revenue, having 48% more expenses than normal, so how do they deal with this? TBL has come up with a social strategy to advertise their product as a "clean green" product which is protecting

the Lake for future generations. As well as primary research on TBLs behalf, statistics also show that consumers are willing to pay extra - a premium, because they know some consumers are prepared to pay more for environmentally friendly and non-chemical products.

The regional council has assisted in acknowledging the efforts of catchment farmers and has designed an environmental 'tick' for beef farmers in the catchment. TBL believe that consumers are willing to pay a premium for their product as they own the rights to advertise their efforts in ensuring excellent water quality. Due to research showing that charging a premium is very possible TBL then started charging a premium for their product to food outlets such as Moore Wilsons. Other food outlets who recognize this social influence have also started to take these premium meats on board.

Chef's Choice Rump \$23.90 p/kg

Chefs Choice Scotch Fillet \$39.90

TBL Rump \$28.50 p/kg

TBL Fillet \$49.50

Chef's Choice Sirloin \$33.50 p/kg

Chef's Choice Eye Fillet \$59.90 p/kg

TBL Beef \$43.50 p/kg

TBL Beef Eye Fillet \$67.50 p/kg

These prices are representative of the type of premium prices TBL is charging, TBL reported that the product sold at these premium prices to local outlets saw sales of TBL's over the other meat grow to 4:1. This is because people were purchasing TBL meat due to the social influence of knowing the meat was grown while protecting the environment.

I believe that TBL's best, and most viable future proofing strategy is the charging of premium prices. The environmental influence of the nitrogen cap on local farmers is non-negotiable - and the only way beef farmers in the catchment can thrive under these regulations is to charge premium prices for their meat. They are eligible to charge this premium thanks to the precautions they have to take ensuring high water quality, protecting the lake, making their product non-chemically and as green as possible. The future proofing strategies of culling animals earlier as well as specific breeds and sex is not as substantial as charging a premium. This is because the premium pricing is essential for TBL to continue operating into the foreseeable future. TBL's business model will not be sustainably viable without premium pricing in place as the 48% extra costs from the nitrate leaching requirements would be too much if TBL were to sell their meat at normal / general meat prices. This is a more sustainable and future viable strategy as it has a more predominant effect on TBLs business plan and profits.

	Grade Boundary: High Achieved
4.	<p>For Achieved, the student needs to analyse future proofing strategies to ensure long term viability of a business.</p> <p>This involves explaining future proofing strategies to ensure the long-term viability of an identified business.</p> <p>The student addressed some of the environmental, biological, and social influences affecting TBL (not shown in this extract).</p> <p>The student has explained a biological gender and breeding strategy (1) charging premium prices (2), and an early culling strategy to reduce nitrogen (3).</p> <p>The student has briefly explained why the chosen strategy of charging premium prices is the best strategy to ensure TBL's long term economic viability (4).</p> <p>To reach Merit, the student needs to provide a thorough explanation of the future proofing strategies. For example, they would provide further depth in their explanation of why premium pricing is the best strategy to ensure TBL's viability.</p>

Breed and gender

Ultimately for TBL having a nitrogen cap is what's stopping them from intensifying their farm to mass producing meat. However, focusing on the quality and not the amount is what TBL are doing with success. To be able to continue being successful the owners have to get rid of cattle that are not producing meat. Yet, they are birthing calves, but there is not a 100% chance that the cow will produce a bull. By getting rid of the cows and maximising the number of beef cattle and focusing on the quality of the beef, also upholding requirements for environmental care which allows TBL to charge a premium to their consumers. Angus Charolais cross was the most efficient beef cattle to reach the preferred weight within the 14 - 20 months without using growth hormones or supplementary feed. Through the use of the lysimeters and research conducted on the farm, they can confidently say that cows leach more nitrogen into the ground because while urinating they stand in one spot creating a concentrated patch of nitrogen which leaches into the ground and goes below the root zone, into the groundwater and then into the lake. Moreover, bulls walk around while urinating, which spreads the nitrogen out over the grass making it easier for the grass roots to absorb the nitrogen. This ultimately means that less nitrogen is leaching into the lake, making the environment cleaner. This strategy implemented for environmental conditions is both short and long term. Short term gain will include providing the council with the data needed to receive the environmental tick which also increase profit as they are able to charge a premium and long term gains include creating cleaner and safer waters for your grandchildren to swim in and increasing their businesses reputation and upholding it.

①

Charge a premium for TBL product

TBL and Lamb makes a profit by charging a premium to customers for upholding the water quality and surrounding areas of the Lake. They also charge more because they cannot intensify their farm like many others outside of the catchment. The owners have a restriction on the number of cows that they are allowed on their farm which is a result of a nitrogen cap. Yet, by focusing on quality they are able to profit. The farmers have also been forced to explore genetic engineering to speed up the natural growth process to reduce the time which the animals are on the farm. TBL was able to charge a premium not for their beef but in the way that it was grown, and with a reduced impact on the environment, protecting it for future use. This is proven by the fact that the council gave them an environmental tick which they use to sell their product at a premium. Socially, consumers liked the fact that farmers were looking after the environment and are willing to pay extra for it. This is what is known as an ethical food decision. This strategy has been proven by the fact that it has already been sold at top class outlets like, Moore Wilsons food outlet in Wellington which is selling their product at their premium price.

②

The TBL product which is sold at high end restaurants dominates the regular meat 4 to 1. The ethical decision of helping the environment is worth value to the consumers hence the reason they are willing to pay more.

③

Early culling

The early culling of cattle reduces the number of animals leaching nitrogen into the soil but also allows the owners to move through the cattle faster increasing their profit. However, early culling is only necessary when the cattle are releasing too much nitrogen. This will be

determined by the lysimeters in their scientific lab which allows them to see the amount of nitrogen being leached with high accuracy. The owner informed us that younger beef cattle make \$22 more profit than older beef cattle per nitrate leached. Younger cattle make \$66 per kilo whereas only \$44 per kilo for older beef cattle. The younger beef cattle produce less nitrogen as they are more efficient at digesting and absorbing the nitrates within the various types of grasses. By culling early between 14 - 20 months, at 350 kg the owners would be able to have younger more efficient cattle on their farm which would also decrease the amount of nitrogen leached into the groundwater. By culling early, the owners would see a \$22 increase per cattle which would be a positive trend for long term viability. 3

To conclude, TBLs most viable strategy for short and long term viability is charging a premium for top quality environmentally friendly beef and lamb. After investigating influences and strategies and resolving problems I have chosen charging a premium mainly due to the fact that with a nitrogen cap in place the number of cows has already been reduced. Increasing the price and increasing the quality of the product which is environmentally friendly is a viable strategy that consumers are willing to pay for. With no added hormones, 100% grass fed, no antibiotics, etc. The strategy of breeding and gender is most likely the easiest way to charge a premium as getting rid of the cows which leach more nitrogen into the groundwater is positive for environmental impact and not breeding on their farm also positively impacts on their environmental footprint as there will be no cows and no calves to wean, which will positively affect the profit margin that TBL makes, making them more economically viable. 4

	Grade Boundary: Low Achieved
5.	<p>For Achieved, the student needs to analyse future proofing strategies to ensure long term viability of a business.</p> <p>This involves explaining future proofing strategies to ensure the long-term viability of an identified business.</p> <p>The student has explained some of the environmental, social and economic influences affecting TBL (1).</p> <p>The student has partially explained strategies around branding and charging higher prices (2), biological gender and breeding (3) and marketing to increase the number of overseas consumers (4).</p> <p>The student has briefly explained why the combination of increasing supply all year round, charging premium prices and introducing traceability should ensure TBL's long term viability (5).</p> <p>For a more secure Achieved, the student needs to provide further depth in their explanation of the future proofing strategies, in terms of which external influences they address and how each could ensure TBL's long term viability.</p>

Environment/positive/negative

For TBL the most important thing is sustainability, for the future of the Lake. With the Lake being one of the cleanest lakes in the world TBL want to keep it this way. This is why in 2003 the council put in a nitrogen cap on the lake catchment to minimise the nitrogen leaching into the lake with was forming algae bloom. To do this nitrogen cap they decreased the stock number on the farms by 20% which was hard on the farmers not getting the maximum out of their farms. This forced many farmers to plant their farms in pine trees or come up with other ways to make money out of their farms to make up for the 20% of profit they were losing. ①

A positive factor for TBL is that they have the ability to farm and also control the quality of water and farmland. Will they have to extend out further into the future as streams and rivers still run towards the Lake from a distance. Positive factor for the environment is now that they are such tight regulations around the catchment farmers have a good understanding of sections in the environment that are compromised when intensive farming happens.

Social positive/negative

When the Nitrogen cap was applied in 2003 many farmers sold their land as they couldn't see the potential of it being financially viable. Over time farms in the surrounding areas have merged and become a few larger farms, going from 105 farms down to 76 farms.

The number of people in the surrounding area has reduced as there are less people farming the land and less people employed due to either the reduction in stock numbers or land planted in pines. Therefore, this has reduced the number of people in many rural communities, and community halls and pubs are negatively affected, and many have closed. ① Additionally, the nitrogen cap has created a decrease in the income of the catchment area, therefore, people are not spending money locally and some townships rely on farmers to continue in business. As the number of people going towards the main cities grew the number attending local schools decreased so some close, making it harder to live in these communities.

TBL have their cattle all grass feed with no antibiotics, so it does not affect the meat taste. With customer wanting clean tasty meat that is not force grown produced in a way that people want them to grow into healthy nurtured cattle, this is a positive social impact as consumers are wanting to know that their meat has no nasty, artificial preservatives in it. ①

Economic

TBL has many challenges economically due to the slight increase in price in comparison to other meat companies. They create a brand in which customers are willing to pay top price for their meat and the 'sustainable environment' factor. TBL and Countdown have similar beef mince, but people are paying nearly double the price for the same amount, so the negative impact is many people will not pay the extra price for TBL meat. This could possibly create a downward turn in demand as consumers aren't willing to pay extra for this product, this could lead to a reduced income for TBL. ① The economic factor of running a brand like this is just as important as consumers need to continue purchasing these products for economic viability. In addition to this are TBL having extra expenses on items such as brand marketing and advertising to keep the momentum of their brand going, as consumers are less likely to

purchase the product if they don't understand the 'story behind the brand', this could be a risk if they don't create enough awareness.

1

Strategies - Future proofing and sustainability

TBL have had a lot of changes in the past few years, long term change and short-term changes to keep their business sustainability. From getting the brand started initially as they were at risk of consumers not considering their product, for the brand and business to continue growing. Following are a few strategies that I would recommend for the business to continue in the foreseeable future.

Continue targeting a niche market in which people are willing to pay the higher prices and in which people understand the brand. In addition to this they could increase supply and have the ability to expand, the opportunity of more farmers in the catchment to ensure supply all year round, therefore, the opportunity to sell all year round and the possibility of continual growth of their brand.

2

Another long term sustainability strategy they could do is try and get the whole catchment working together, getting more farmers on board as there are only 11 farmers supplying their product. Many others are just breeding farms and if they get more of these farms that have the ability to trade stock, they could supply meat all year round. Farmers could breed stock at different stages therefore creating a constant livestock flow, and restaurants and specialty retailers could purchase TBL meat all year round.

3

In the short term TBL must make sure of cattle gender to get most meat product per hectare and female cattle urinate in one spot so it does not spread the nitrogen in the pasture. The male cattle spread the urine because they walk when they are urinate so it doesn't cause as much nitrogen leaching. A short term sustainability strategy is using their research done on the farm in terms of what grass to grow and what will help reduce nitrogen leaching. The TBL brand also has a good reputation created with a market attracted by some core aspects, that the meat has no antibiotics, no added hormones, the meat is aged for tenderness and they have a cattle cross of Charolais/Angus.

3

Another strategy in the long-term that they could implement is the possibility of marketing their meat overseas in top restaurants especially in areas such as the Asian markets. Overseas consumers are interested in their produce and with the ability to track and trace the meat and where it comes from could help to create more supply and the ability for growth and higher prices for TBL.

4

In conclusion I think the best strategy going forward for TBL would to be get more farmers in the catchment on board. This means having the ability to supply all year around and this will keep the momentum of their brand going. Additionally, consumers are becoming more aware of what they are consuming and are now more conscious of what they are purchasing, therefore there is a gap in the market for premium meat. Lastly, TBL could create a track and trace and a code to show the location and details of the livestock when meat is purchased. This could help consumers understand the story as it is advertising their meat at the same time and shows why they are paying more for their meat.

5

	Grade Boundary: High Not Achieved
6.	<p>For Achieved, the student needs to analyse future proofing strategies to ensure long term viability of a business.</p> <p>This involves explaining future proofing strategies to ensure the long-term viability of an identified business.</p> <p>The student has briefly explained environmental, social and economic influences affecting TBL (1).</p> <p>The student has explained a strategy around branding and marketing (2) and mentioned scientific research as another strategy (3).</p> <p>To reach Achieved, the student needs to add depth in their explanation of how the scientific research strategy could ensure TBL's long term viability. The influence behind TBL's research into crop types and nitrogen leaching would be explained, and the research strategy would be linked to business viability.</p> <p>Additionally, a third future proofing strategy that addresses the economic influences affecting TBL could be explained.</p>

As a brand TBL are influenced by a number of things. Firstly, their biggest affecting influence is **environmental**. For TBL it is about the exploitation of natural resources. Scientists have recently become aware of the amount of nitrogen that farms create due to the intensity and stocking rate of current farming techniques. To protect water quality is an important goal of New Zealand as we respect our country and wish to preserve it. We also tend to market our products off our “clean green image”. If this clean green image is not sustained, tourists will be less inclined to visit. Therefore, their branding will become ineffective thus reducing sales.

The environmental influence is a positive influence as the lake will benefit from the awareness and the implemented strategies which will decrease nitrogen leaching into the waterways. For them starting and **pioneering this type of farming is a huge step in all farming techniques.** Due to the direction of environmental protection and the world's perspective on preservation this will be a continuing influence and continue into the long term future. ①

Becoming more environmentally friendly and protecting our natural landmarks is going to be a strong influence. To protect the lake from algae blooms from excessive nitrogen emissions will make the Lake a more enticing place to visit. This leads to the next influence.

The **social influence** is another one of TBL's priorities. With consumers wanting environmental preservation, consumers evidently showed a high demand for TBL product. “I couldn't get over them wanting the whole story; it is part of the brand and you've got consumers in Japan willing to pay more than for any other beef because of the issue of the lake.” Although the owners didn't initially think they'd have a large social impact and influence, their TBL story **has created a friendly brand to fit consumer morals** and their business is thriving because of it. “To me that was the acid test of this TBL project we started. Would consumers overseas value this issue? And they surprisingly did.” Also, tourists whom enjoy the cleaner lake due to the efforts of people like the owners of TBL will be more attracted to **specifically buy the meat of TBL to support the protection of the lake.** ①

The **economic influence** is an equally strong influence affecting TBL. As with most other businesses TBL exists to make a profit so their strongest goal is to earn a healthy income. Their sole **aim is to continue farming as efficiently as possible to increase production and ultimately income.** This will always be a short and long term goal to ensure viability for the future. ①

A strategy which comprehensively addresses the issue relating to all three influences is successful and insightful branding of their meat. **TBL's owners carefully consider how to effectively market their product to fit consumers' expectation of environmental protection.**

Due to the nitrogen cap and awareness of the nitrogen problem the idea of integrating environmental strategies into their farming has let them thrive as a brand by having a positive reputation. **The regional council has given the first 'environmental 'tick' to farms recognising environmentally sustainable farming practices & compliance with new rules to protect water quality.** Compliance is one way to receive positive feedback from customers but **pushing for a cause is what separates TBL from other traditional farming brands,** whose reputation is all about increasing intensity farming to increase income, regardless of environmental impacts. ②

Customers who morally support TBL farming practices will be more enticed to purchase their beef. This was shown to be true when the owners proposed to a restaurant to offer their beef at a price above the normal steak on the menu, in turn the waiters would make the customer aware of the TBL story. Weeks within the trial TBL received a call explaining their more expensive steak was outselling the normal steak 4:1. Bumping the price even higher they still outsold the competing steak 2:1.

2

The branding strategy has been extremely successful so far, that's why personally I believe this is the best strategy implemented so far for TBL. As time goes on this strategy will become stronger due to the fact of rising awareness of environmental problems. Rebranding with a positive message will always be a great strategy for any business. As they know they can continue to market their product due to their quality. Marketing off quality as a premium product and eco-friendly offers consumers whom support their vision the choice to purchase their products. This effectively covers short and long term viability as their brand reputation if they continue to do it how they are, will gradually get even better.

2

Another way in which TBL is future proofing is measuring and testing the difference between crop type and the amounts of nitrogen they leach. So far research has shown cultivating and regrassing leaches immense amounts of nitrogen. Implementing methods like under and over-sowing allows them to leach less giving them expendability in other areas. An underground laboratory was created on the TBL farm in order to test and measure the amount of nitrogen leached between different seeding and species of plants.

3