



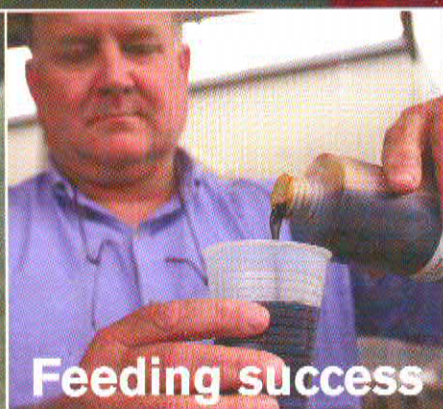
Australian Government  
Department of Agriculture,  
Fisheries and Forestry

ENTREPRENEURSHIP AND INNOVATION  
IN AUSTRALIAN AGRIBUSINESS

SERIES 7 ISSUE 1

# Made in Australia

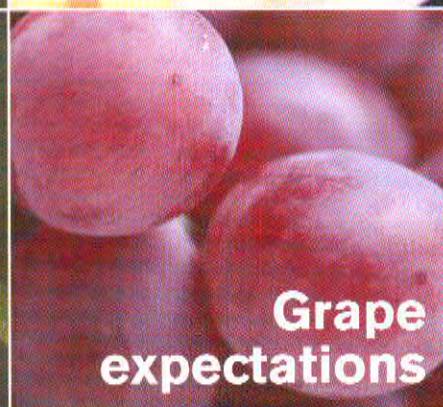
NEW INDUSTRIES DEVELOPMENT PROGRAMME



Feeding success



Cream of  
the market



Grape  
expectations

## Growing pains

The business lifecycle ◀  
Bringing an idea to life ◀

QUEENSLAND

Brisbane

## ► AGR SCIENCE AND TECHNOLOGY

**LOCATION**

Brisbane, Qld

**PROJECT OBJECTIVE**

To commercialise a technology developed by AGR for production of a cost-effective and safe non-protein nitrogen stock feed supplement.

**NIDP FUNDING**

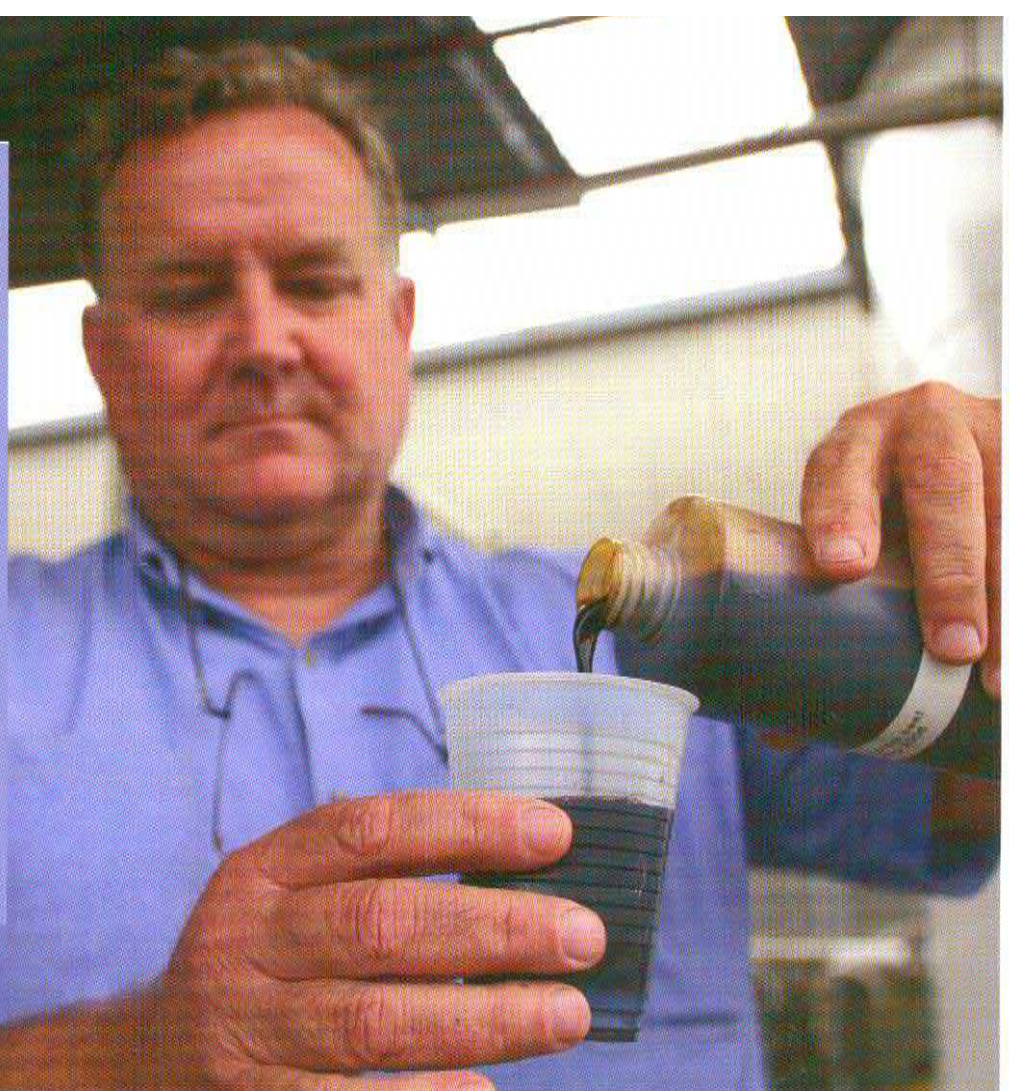
\$100,000 Pilot Commercialisation Project (PCP) grant

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By Toni Nugent

# Strong customer focus feeds success

Listen to your customers, stick to a sound business plan and resist the temptation to take shortcuts are three of the keys to success as Toni Nugent found out when talking with AGR Science and Technology's Gregg Chapple.

**L**istening to customers' needs and why they were not being met by existing products led AGR Science and Technology to develop a cost-effective and safe non-protein nitrogen stock feed supplement.

To ensure their product would have a clear market advantage, the company carried out extensive research over 12 months to investigate the existing potentially competitive products in the stockfeed industry.

Gregg Chapple, General Manager of AGR Science and Technology believes good market research is a key component to establishing a sound business. "Seizing the opportunity and being able to fill a gap in the

marketplace and meet consumers' needs is vitally important," he says.

"Do not start what you cannot finish. The financial and human resources must be in place to see the project through, even if it takes longer and costs more than originally budgeted for. Almost over the try line does not count."

### Capture the necessary skills

Gregg believes listening is one of the most important skills necessary when developing and implementing any business.

"We have produced what the customers identified they needed, rather than a product we thought they should be buying simply because we had produced it," Gregg says.

"Internal scientific skills were the key during the technology development phase. In the New Industries Development Programme (NIDP) joint-funded commercialisation phase, it was a matter of project managing a timeline and budget. Good accounting and administration were important and continue to be so now."

The required skills do not always exist within a business at the outset and to develop and implement a business plan entrepreneurs may need to venture outside their existing resources to capture the skills required. In the case of AGR, they have drawn on skills



## Case study Feed supplements

NIDP funding allowed AGR to construct a pilot plant for product development (left). After identifying a gap in the market, AGR relied on skilled scientific resources to develop a product which meets market needs (right).



both internally and externally, through existing industry networks, and placed a great deal of importance on building a team of quality people with all the necessary skills.

### Raising capital

AGR obtained a Pilot Commercialisation Project (PCP) grant from the NIDP to the value of \$100,000 during 2004/05. This funding was used in the commercialisation phase of the project for research and development, construction of a pilot plant, product commercialisation, new factory facilities and sourcing the necessary skills.

With the exception of the NIDP funding used, the two AGR shareholders have funded the project from their own pockets to a level of more than \$400,000.

A business plan was developed and provided to shareholders and the company's progress was tracked against the plan. Confidence in the project was built on AGR hitting the milestones identified in the plan.

Gregg says looking back, they would not have done much differently with the exception of sourcing vital government funding earlier, which could have helped them to reach their objectives more quickly.

AGR have achieved everything they set out to achieve and more. "We are proud of the fact the AGR team has delivered a cost-effective product that will significantly benefit the stock food industry and primary producers from home-grown technology," Gregg says.

AGR are confident they have satisfied their customers' needs and their range of products is filling the needs their market research initially identified.

"We have achieved this through our team of good people internally, engaging excellent professional advisers and good customer support for our efforts."

### Common challenges

All businesses face challenges during the initial development stages.

"Knowing what level of production to gear up for and deciding on the best route to market were the key challenges AGR faced when establishing market share in the stockfeed industry," Gregg says.

AGR have not relied on any one person's predictions when trying to meet these challenges. They have cross-referenced the input of customers, distributors, marketing personnel and nutritionists.

**Being able to fill a gap in the marketplace and meet consumers' needs is vitally important**

"At the end of the day we made a judgement call based on collective feedback that has proved to be reasonably accurate."

The challenges do not stop once the business is successfully established in the market place. Gregg says AGR are currently addressing the question of 'where to from here'? Do they licence a 'big brother' or go it alone building a strong relationship with their supply chain? Either way Gregg and his business partners will carefully weigh up the options before reaching a decision. ■

### Contact

[www.agrst.com.au](http://www.agrst.com.au)



### Market feedback leads product development

After identifying a gap in the feed market, Gregg and his business partners spoke to cattle and sheep producers, both intensive and ad lib, nutritionists, feed mill operators, distributors and competitors.

From these discussions AGR have developed a cost-effective synthetic liquid protein source that can easily be incorporated into feed rations. (i.e. it is readily 'pumpable' in all seasons).

This cost-effectiveness stems from the fact that the technology they developed requires relatively simple and inexpensive equipment for the manufacturing process and little thermal energy.

The intellectual property (IP) has been secured with a combination of several patents and trade secrets.