

# Commercialization Pathway

*Paul Rogers*  
Food Centre

Canadian Meat Council  
88<sup>th</sup> Annual Conference  
May 2008



# Canada's Food Industry

- Food and Beverage is Canada's second largest manufacturing sector
- 13% of total manufacturing/Auto 19%
- Canadians buy annually over \$100 billion of food and agricultural products
- International consumers will buy over \$21 billion

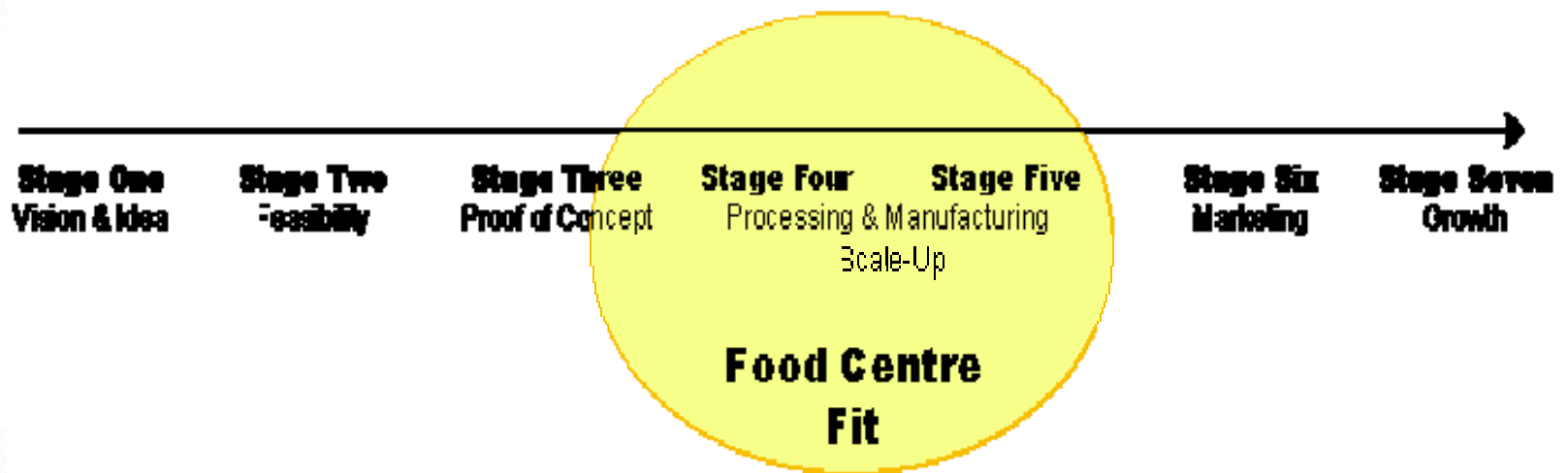


# Industry Challenges

- Global competition
- Regulatory environment
- Half of new products fail
- Access to manufacturing and technology
- Connections to the “inner circle”
  - Who has access to the consumer



# Commercialization Path



# Commercialization Path

## STAGE ONE

### VISION & IDEA

- DEFINE THE BUSINESS IN BROAD STROKES
  - WHAT IS THE PRODUCT/SERVICE TO BE PROVIDED
- DEFINE SKILL SETS (DEVELOP YOUR TEAM)
  - IDENTIFY STRENGTHS AND WEAKNESS
  - DEFINE WHERE HELP IS REQUIRED
  - IDENTIFY PROJECT CHAMPION

**YOU CAN'T DO IT ALL!**



# Commercialization Path

## STAGE ONE VISION & IDEA

### – DEFINE PRODUCT VALUE

**Consumers want value**

**If you lose the perception of value you've lost the consumer**

Consumers like traditional favorites.

When they do change it is usually to a version of the product that is perceived as having better value



# Commercialization Path

## STAGE ONE VISION & IDEA

- IDENTIFY TARGET MARKET
  - FIND INNOVATIVE WAYS TO DIFFERENTIATE YOUR PRODUCT
    - Niche market
    - Replacement product (convenience)
    - Identify selling unit size and price point



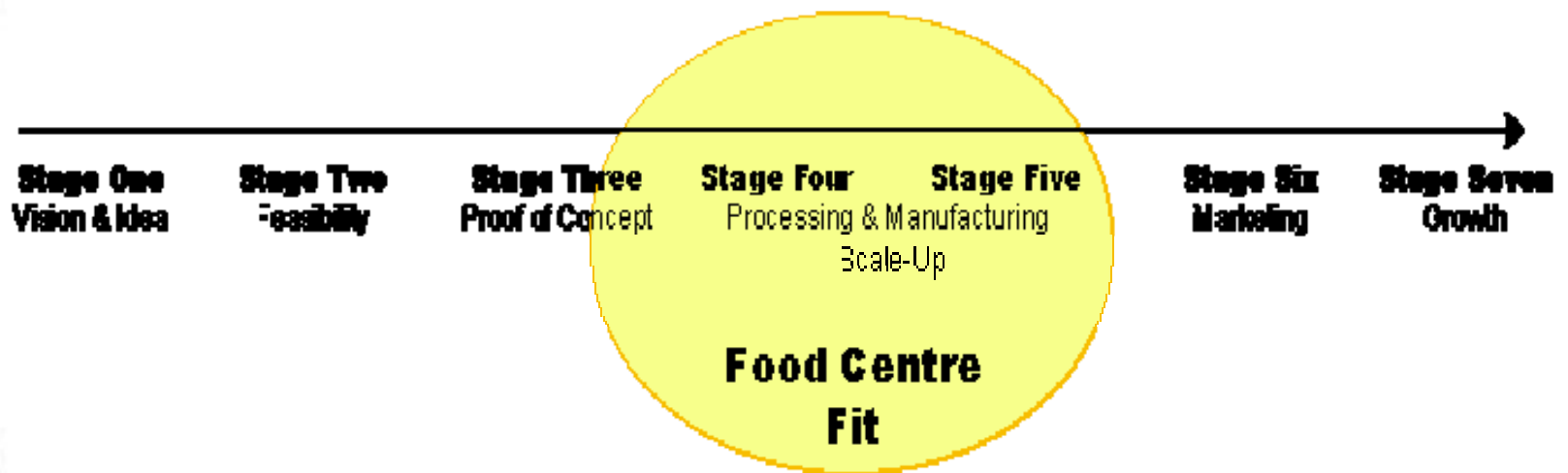
# Commercialization Path

## STAGE ONE VISION & IDEA

- IDENTIFY POTENTIAL POTHoles
  - EARLY ASSUMPTIONS CHANGED
  - INADEQUATE RESOURCES
    - BOTH HUMAN AND FINANCIAL



# Commercialization Path



# Commercialization Path

## STAGE TWO

### FEASIBILITY

- What is needed to manufacture and market your product
  - Specialized equipment/process
  - Specialized personnel (nutritionist)
- Establish target cost of product
  - Compare to existing or similar products
    - Develop “what if “scenarios



# Commercialization Path

## STAGE TWO

### FEASIBILITY

- Adequate funding / capitalization
  - Short term and long term (3 – 5 years)
  - Plan for the unexpected
- Funding sources
  - Private, (banks, investment brokers)
  - Government



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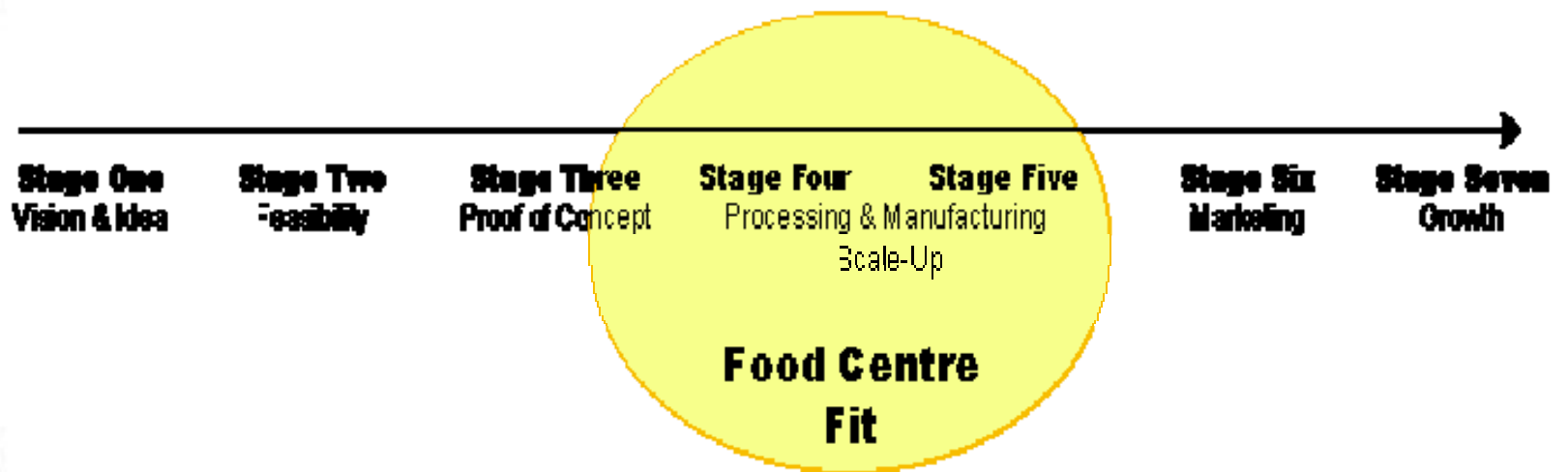
## STAGE ONE & TWO

RESULT IN:

DEVELOPMENT OF A  
BUSINESS & MARKETING  
PLAN



# Commercialization Path



# Commercialization Path

## STAGE THREE PROOF OF CONCEPT

- DEVELOPMENT OF PRELIMINARY ACTION PLAN
- DEFINE PRELIMINARY PROTOTYPE CONCEPT
  - DEVELOP PROTOTYPE PROFILE
  - COMPARE AGAINST OBJECTIVE
  - DEVELOP PROCESS FLOW



## Preliminary Project Action Plan Preliminary Product Profile

**Date:** \_\_\_\_\_ **Company Name:** \_\_\_\_\_ **Contact Name:** \_\_\_\_\_  
**Project Name:** \_\_\_\_\_ **Project # :** \_\_\_\_\_ **Project Lead:** \_\_\_\_\_  
**Project Outline:** \_\_\_\_\_

<b>New Product</b>	<b>Line Extension</b>	<b>Product type: Retail</b>	<b>Food service</b>
<b>Target Launch date:</b>		<b>Selling Price:</b>	<b>Competitive product: Yes / No</b>
<b>Product: Fully Cooked / Raw / Smoked</b>			<b>Product / Ingredient restrictions</b>
<b>Product wt:</b>		<b>Package size:</b>	<b>Package wt:</b>
<b># Pieces/package:</b>		<b>Package type: Bulk / Vacuum / Gas Flush</b>	
<b>Poly liner: Y/N sealed: heat/tape</b>		<b>Film: printed Yes / No</b>	
<b>Carton size:</b>		<b>Carton: Printed / label applied</b>	<b>Carton Dimensions:</b>
<b>Master carton: # units per master</b>		<b>Master carton: Printed /generic</b>	<b>Master carton dimensions:</b>
<b>Master carton label/bar code:</b>		<b>Storage Requirements: Fresh / Frozen</b>	<b>Distribution method:</b>
<b>Expected shelf life:</b>		<b>Sensory testing required: Yes / No</b>	<b>Manufacturing site:</b>
<b>Special manufacturing equipment requirement:</b>			
<b>PD contract required:</b>		<b>Facility contract required:</b>	<b>Toll Processing contract required:</b>
<b>Funding contract required:</b>		<b>Funding time line:</b>	



## Project Action Plan Product Profile

Date:

Company Name:

Contact Name:

Product Name:

Project # :

Project Lead:

Product description: \_\_\_\_\_

Target Launch date:

Target Price:

Competitive product: Yes / No

Product / Ingredient restrictions:

Product appearance:

Product texture:

Product flavour:

Product wt:

Package type:

Film specs:

Label type/specs:

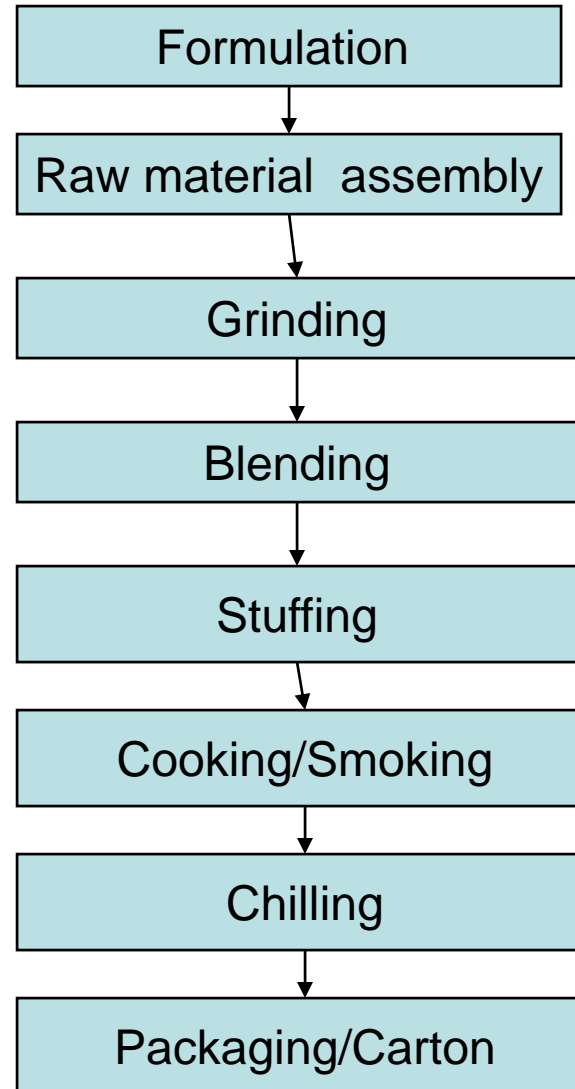
Carton specs:

Pallet configuration:

Storage requirements:



## Product Development Process Flow



# Commercialization Path

## STAGE THREE PROOF OF CONCEPT

- ASSEMBLE PROJECT TEAM
  - Review process flow
  - Identify needs (equipment/training etc)
  
- REFINEMENT OF PROTOTYPE
  - Product/process/packaging/labeling
  
- PRELIMINARY MANUFACTURE COST
  - COMPARE AGAINST OBJECTIVE



# Commercialization Path

## STAGE THREE

### PROOF OF CONCEPT

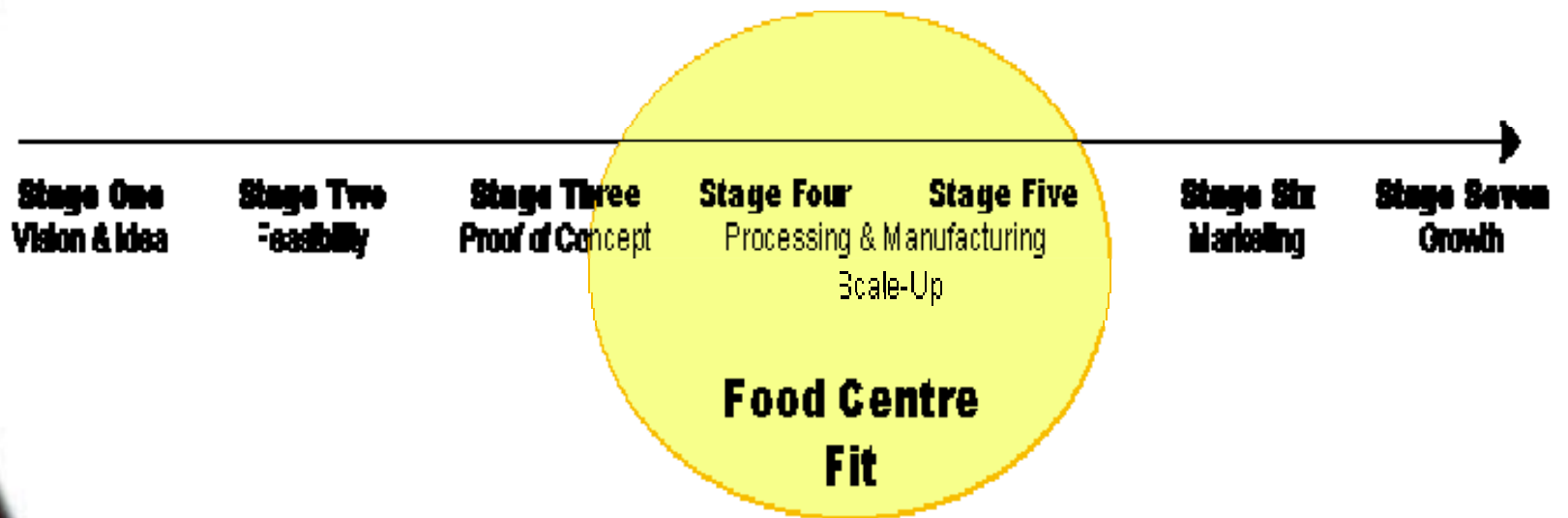
- CONSUMER RESEARCH TO VERIFY CONCEPT
- REVIEW BUSINESS & MARKETING PLAN

### GO / NO GO POINT

- ESTABLISH STRUCTURE AND IMPLEMENT A PROCESS TO SUPPORT AND SERVICE THE BUSINESS & MARKETING PLAN



# Commercialization Path



# Commercialization Path

## STAGE FOUR & FIVE PROCESSING & MANUFACTURING SCALE-UP

*Getting down to details*

### ESTABLISH CRITICAL PATH DOCUMENT

- GANT CHARTS/ KEY EVENT CHARTS
- PROJECT PROGRESS /SIGN OFF





Activity	Start date	Completion	Sign off
Project outline/specifications			
Prototype formulation developed			
Prototype ingredients sourced			
Prototype production			
Prototype costing			
Refined prototype			
Draft SOP's			
Draft HACCP plan			
Draft Sanitation SOP's			
Equipment requirements identified			
Finalize product specifications			
Production trial complete			
Finalize product cost			
Ingredient statement developed			
Ingredient specification sheets			
Finalize SOP's			
Shelf life complete			
Storage conditions finalized			
Label developed			
Label submission			
Label approved			
Carton Label developed			
Nutritional label developed			
Nutritional label approved			
Packaging format complete			
Packaging films defined			
Carton finalized			
Master carton finalized			
UPC complete			
Finalize HACCP plan			
Finalize Pre-op inspection document			
Ingredients for production secured			
Start -up meeting complete			
Initial production complete			
Follow-up			



# Commercialization Path

## STAGE FOUR & FIVE

### PROCESSING & MANUFACTURING SCALE-UP

*Getting down to details*

- Secure Equipment
- Finalize layout – process flow
- Finalize package & packaging materials
- Label design, approvals and printing
- Define storage/distribution and shelf life
- Finalize Standard Operating Procedures
- Finalize data collection



# Commercialization Path

## STAGE FOUR & FIVE PROCESSING & MANUFACTURING SCALE-UP

*Getting down to details*

- Train production staff
- Finalize purchasing agreements
- Establish launch time lines (lead times)
- Develop shortage strategy
- Live test runs to vett process
- Conduct shipping test



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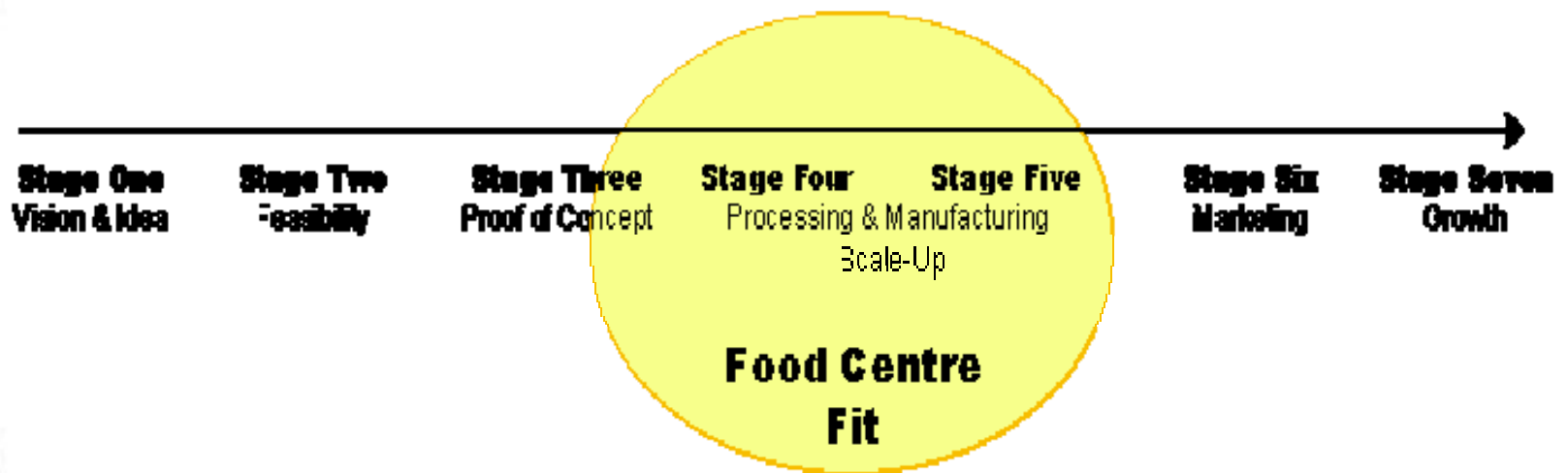
STAGE FOUR & FIVE  
PROCESSING & MANUFACTURING  
SCALE-UP

*Getting down to details*

**REVIEW BUSINESS PLAN!**



# Commercialization Path



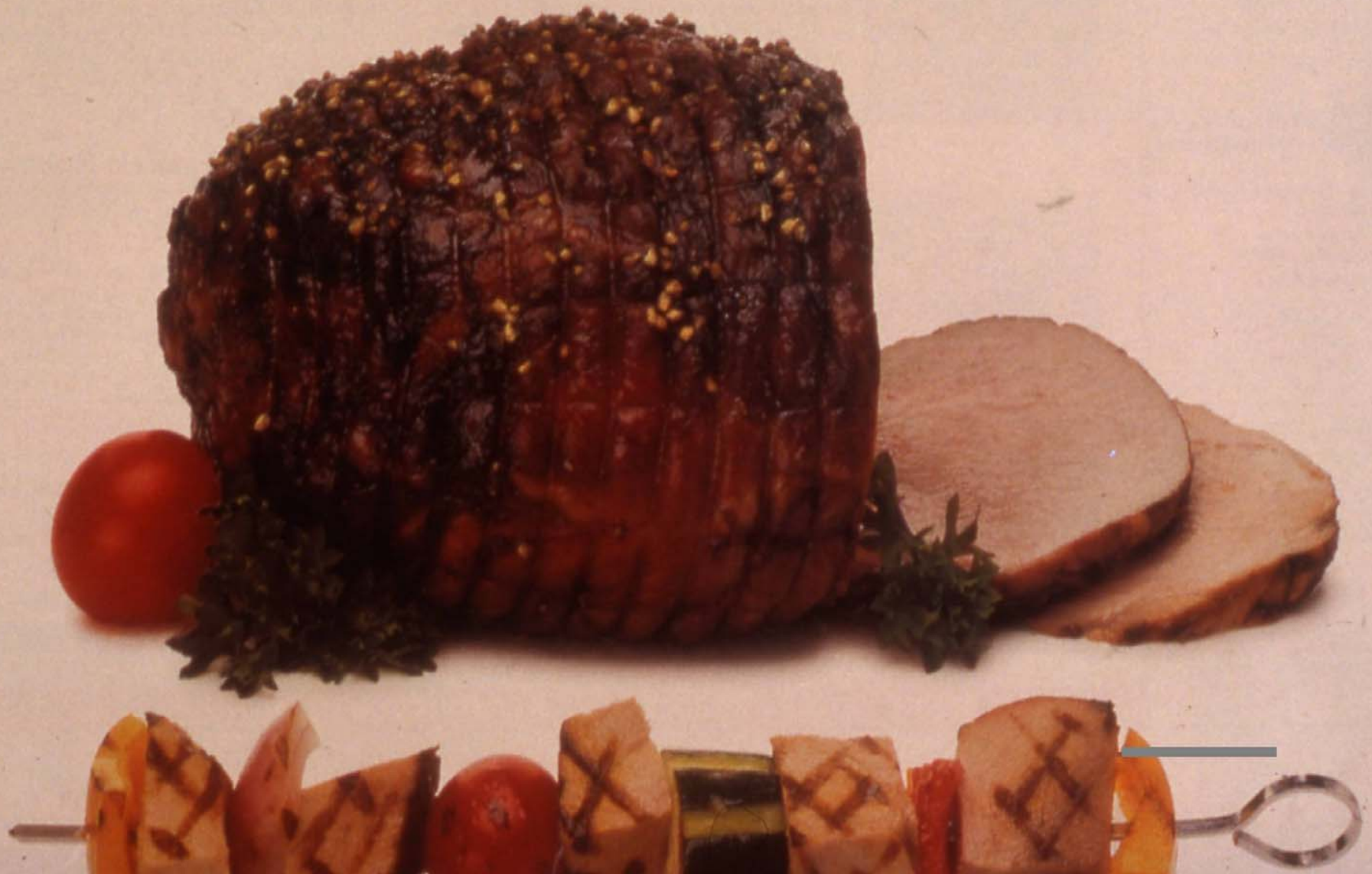
# Commercialization Path

## STAGE SIX **MARKETING**

- MARKETING, MARKETING,  
MARKETING!



If you can use scissors, you  
can make dinner.





# Reasons for Failure

30% -- Poorly articulated positioning

> *What is the product going to do for me that's better than what I do now?*

30% -- Product fails to meet consumer expectations

> *No noticeable difference, not easy to use*

30% -- Insufficient awareness / advertising / promotion

10% -- Inadequate distribution



# Commercialization Path

## STAGE SIX MARKETING

- ESTABLISH LAUNCH PROGRAM
- FINALIZE MEDIA PLAN
- PRESENT COMPLETE PROGRAM TO SALES
  - Detail margin analysis
  - Provide volume forecasts
- Ensure sales by-in



# Commercialization Path

## STAGE SEVEN GROWTH

- Communication between players can present new opportunities
- Connect producers through to consumers
- Creating value in the chain through information sharing
- Quick response to market demands



# Working Together For the Future

## STAGE SEVEN GROWTH

Strong Partnerships – Strong Growth

Create a win-win situation for all players



# Final Thought ...

## Top Ten Trends

1. Taking care of body and soul
2. Disease prevention
3. Balanced nutrition for kids
4. Looking East... to Europe
5. Looking Far East... to Asia
6. Celebrating age
7. Return to simplicity (again)
8. "I want it and I want it now"
9. *Growth in cause marketing and FairTrade (vc)*
10. Multi-culturalism

