



fermentasmania

CONFIDENTIAL

# FermenTasmania

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## Business Development Plan

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**Contact Information**  
**Kim Seagram**  
**[chair@fermentasmania.com](mailto:chair@fermentasmania.com)**

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## Section 1: Executive summary

### ***Fermentation Transforms . . .***

A definition may be helpful. Fermentation is a transformative process in which microorganisms (bacteria, yeast and fungi) turn sugars into food acids, carbon dioxide and alcohol.

Fermentation can occur naturally or using a starting culture, it preserves food, enhances flavours and has health benefits. Humans have been doing it for centuries.

Fermentation can also be a transformative catalyst for Tasmanian agri-food enterprises.

The FermenTasmania concept is unique in the world in terms of exploring the potential of fermentation as a value-add to a region.

Tasmania has a global reputation as a producer of the finest quality food and beverages. We have a maritime climate; we have the world's purest air and water; we have deep, rich fertile soils; our agriculture is clean, green and clever. We are attracting new ideas, new investment, new entrepreneurs and our traditional food producers are diversifying.

Fermenting represents an exciting opportunity for Tasmania, layering a new wave of imaginative value-adding to the natural and human resources with which we have been blessed. Rather than ploughing our agricultural seconds back into the ground, we should be transforming them into value-added fermented vegetables and pickles for markets in Europe and Asia.

Fermentation Tasmania Ltd trades as FermenTasmania and was established in 2016 as an Australian registered, not-for-profit company, limited by guarantee. Its objective is to harness the considerable regional economic development potential of our fermented food and beverage producers, initially in this state, but eventually across the nation.

Most would be familiar with traditional forms of food fermenting – bread, beer, cider, wine, ginger beer, mead, cheese, yoghurt, sauerkraut, vinegar and pickles. There are many more; products that are both commonplace and unfamiliar:

- kefir is a cultured fermented beverage, similar to yoghurt and made from milk, water or coconut milk.
- kimchi is a staple Korean side dish, made from salted and fermented vegetables.
- kombucha is an effervescent drink fermented from sweetened black or green tea.

Tasmania can produce these and more. We have only scratched the surface.

Beer and wine dominate Tasmanian fermented production (about \$280 million p.a.). Today there are about 30 breweries where there used to be just the big two. Cider consumption is forecast to grow at about 19 per cent pa. Spirits are worth about \$12 million a year to the economy.

There is heightened global understanding of the health benefits of fermented food products. There are estimates that fermented food comprises around 40 per cent of the diet in some populations.

Growth of the industry here is constrained by limited access to experience, expertise and a specialist centre to provide research and development, skills and training.

But blink and we may miss these untapped opportunities.

FermenTasmania can harness existing co-operation within the industry to fill the void. We can become a region of excellence in fermentation.

*The growing interest in fermented food and drink products, combined with Tasmania's unique offerings, collaborative entrepreneurs, world-class primary produce, environmental assets and its 'islandness' provide a unique moment in which to develop a true 'triple-helix' partnership between industry, university and government, adding value through the pooling of resources.*

In 2016 the Tasmanian Fermentation Industry identified the priorities facing this embryonic industry.

They include:

- dedicated product development work, separate from commercial operations;
- research and development into fermentation processes and the human health implications of fermented foods;
- a skills and education program that includes industry mentors and visiting technical experts;
- collaboration between businesses;
- a united voice for the industry.

Recent study tours in Europe, the US and New Zealand by FermenTasmania principals have allowed us to scope the industry's potential development and helped us understand our requirements for start-up assistance and longer term funding.

*Our vision is that, through FermenTasmania, industry, academia and government agencies together will execute this opportunity for Tasmania to become a go-to region of excellence for the design, production and marketing of fine fermented food, drinks and other products, and through this, return substantial benefits to all project partners.*

FermenTasmania's role will be to provide the leadership and inspiration for this burgeoning industry to grow, based upon a platform of technical and business excellence.

*...the concept is to provide an inspiring physical and organisational presence so that, in addition to the services that FermenTasmania will offer (for example pilot production facilities for NPD, a sensory lab, an analytical lab, networking events, mentoring and visiting experts) we will work with R&D providers, education providers and training providers to help focus and deliver services that are truly useful to our industry.*

FermenTasmania's corporate structure will evolve over time. The roll-out of its services will be staged over about five years, working initially with small to medium-sized businesses.

The focus will be on:

- formal and informal networks to promote "the sparks", new ideas;
- building industry know-how;

- what we term “The Sandpit”, creating an all-in workplace to develop ideas and trial pilot projects.

High level financial details are provided in Section 6 of this plan. An essential building block will be competitive start-up funding support from Food Innovation Australia Ltd; an industry-led, not-for-profit organisation focused on growing the share of Australian food in the global marketplace. FIAL understands the value of formalized industry clusters and FermentTasmania is a prime example.

We anticipate public funding in the order of \$100,000 pa will be needed to support our operations until Year 6, after which we would aim to cover operational costs with recurrent revenue.

*In everything we do, our target market will be Tasmanian enterprises. But we know that this market will not be large enough to sustain an active portfolio of services. Therefore, our longer-term aim is to attract interstate and international clients. In this way, new thinking and potential collaborators will be brought to Tasmania, bringing with them new ideas, products and ways of working that will stimulate local leaders and expose Tasmania’s high quality produce and products to the world.*

### **Fermentation transforms...**

## Section 2: Opportunity

### An opportunity worth exploring

**What would it take for Tasmania to be recognised internationally as a go-to region of excellence for the design, production and marketing of fine fermented food and drinks and other products?**

Tasmania has a growing brand as an island with special 'wild' biophysical attributes - attributes that are complemented by a growing reputation as a producer of high-quality food and beverages. This reputation, alongside the increasing global understanding of the health benefits to be derived from consuming fermented food products, provides assets that could and should be exploited to help boost a sustainable Tasmanian sector in food manufacture, value-adding and tourism.

Fermented foods across the globe can comprise between 5-40% of the diet in some populations. The industry collectively should not be considered craft (a.k.a. small, niche) as there is now significant investment in health-related fermented foods from large corporates across the globe.

The Tasmanian fermentation industry (e.g. beer, bread, cheese, cider, ginger beer, kefir, kimchi, kombucha, mead, sauerkraut, yoghurt, vinegar, wine) is expanding rapidly, with more and more producers releasing outstanding products.

Production figures provided in the 2015-16 Tasmanian Agrifood Scorecard<sup>1</sup> show that production of fermented products was dominated by beer and wine, which had a combined value of around \$280 million. The wholesale value of spirits (e.g. whisky, gin, vodka) was in the order of \$12 million for 2015-16, with spirit production increasing by 20% pa since 2011-12.

The scorecard also showed the startling recent growth in smaller scale cider, spirits and beer production in Tasmania: the number of breweries in Tasmania grew from 2 in 2004 to around 30 at the time the scorecard was printed. Tasmanian cider production was around 520,000L, with consumption forecast to grow at around 19%.

Similarly, fermented products (e.g. kefir, kimchi, kombucha, mead, sauerkraut, sourdoughs), until only recently seen as home-made, are increasingly being seen in mainstream retail environments.

As a result of this recent growth, aspiring and existing operators across all sectors have expressed a deep desire for this sector to become known for its world-class quality, capitalising on the bountiful natural assets for which Tasmania is known.

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<sup>1</sup> <http://dpiw.tas.gov.au/Documents/Tasmanian%20Agri-Food%20Scorecard%202015-16.pdf>; Accessed October 2017



However, limited access to experience, expertise and facilities in the areas of product development, research and development and skills and training is constraining the realisation of this ambition.

Through the FermenTasmania cluster, we can use Tasmania's natural collaborative environment to provide inspiration and access to expertise, build innovative networks and de-risk product development and market entry.

Tasmania and Tasmanians have a unique, and time-bound, opportunity to grasp this opportunity, to establish ourselves as a region of excellence in fermented products. To capitalise on this opportunity, we need to act now.

## The evolution of an idea

The thinking underpinning the FermenTasmania concept has been developing since early 2015, prompted in part by a suggestion posed in a report to the UTAS Centre for Food Innovation (Strategic Economic Solutions 2013: p74).

This suggestion was taken up by FermenTasmania Directors Kim Seagram and Tom Lewis, and socialised and developed through discussions with industry, research, education and government agencies.

In late 2015, the concept was introduced into the public domain through an online survey, supported by Northern Tasmania Development Corporation. This survey attracted 98 self-selected respondents and indicated strong support from respondents (RDS Partners 2015).

This support provided the evidence and inspiration to undertake a more detailed stakeholder consultation project, supported by the Tasmanian Office of the Coordinator General. That project was designed to:

1. Formally present and test the FermenTasmania concept to key stakeholder groups and individuals.
2. Gain a solid understanding of the needs of Tasmanian industry, research providers, training providers and government, and identify their aspirations regarding industry and product development, research, skills and training, and tourism experiences.
3. Present a clear and agreed framework for the development of a business case for FermenTasmania, including key focus areas for development and possible partnerships.
4. Gain a solid understanding of:
  - a. what else is being done and where
  - b. who are FermenTasmania's key initial stakeholders and partners, nationally and globally, and
  - c. those with whom FermenTasmania should engage and the objective of these engagements.

During mid-2016, a series of around 60 stakeholder (producers, consultants, researchers, educators) interviews regarding perceived priorities for FermenTasmania revealed that

impediments to growth felt by existing stakeholders centred on the following themes (FermenTasmania 2016):

#### Product Development

- Access to facilities that would allow physical separation of product development work from commercial operations
- Access to technical information, knowledge and expertise that would assist with design and development of new products
- Access to information, knowledge and expertise regarding the product development process and product lifecycles

#### Research and Development

- Practical knowledge and understanding of commercial-scale fermentation processes mediated by indigenous and commercially available yeasts and bacteria
- Practical knowledge and understanding of the influence of orchard/crop management and cultivar on fermentation processes and product outcomes
- Deepening understanding of the human health implications of dietary inclusion of fermented foodstuffs (e.g. miso, sauerkraut, sourdough bread, kefir)

#### Skills, Education and Training

- Access to formal and informal capacity-building opportunities targeted at the needs of Tasmanian fermentation businesses
- Provision of relevant (i.e. topics and delivery mechanism/s) business and marketing units and courses
- Access to a visiting technical expert program
- Access to an industry mentor program

#### Agrifood Tourism

- Facilitation of collaborative efforts between businesses
- Promotion of 'real' experiences for consumers and food tourists
- Access to facilities and support for producers to run their own courses

#### 'Other'

- Access to thought and advocacy leadership
- Support to mitigate quality-related reputational risk
- Facilitation of a broad community of producers

Alongside this distillation of stakeholder perceptions was a consistent call for leadership and a united voice – especially with regard to advocacy and priority setting – and the opinion that FermenTasmania could be well positioned to provide this independent, credible and objective voice.

This increasingly clear picture of the development role that the FermenTasmania concept could play led to a successful application to the International Specialised Skills (ISS) Institute to undertake a study tour through the UK, Denmark, Sweden and Germany to:

- Develop strong, constructive and ongoing networks among world-leading fermentation-based enterprises and organisations, and
- Understand the capability and capacity required to develop and grow international best practice in the production of regionally focused fermented food and drink products.

The ISS Institute Fellowship awarded to Dr Tom Lewis was supplemented by the UTAS to allow two additional researchers (Anna Carew and Natalie Fryar) to undertake separate itineraries in the UK, France and the USA. In all, the researchers visited 20 organisations and returned with strongly enhanced networks and observations and recommendations with regard to the establishment of FermenTasmania (Lewis, Carew and Fryar 2017). A further trip to NZ conducted by Tom Lewis to connect with and seek a deeper understanding of the fermentation facilities and operations at Massey University and the New Zealand Food Innovation Network in Auckland was conducted in October 2017.

And on top of these more formal activities, FermenTasmania representatives have presented and discussed this exciting concept with local councils, university representatives, State Ministers, Federal Ministers and the current Prime Minister – a broad swathe of interests and affiliations, all of who have shared our interest and enthusiasm.

We acknowledge and thank the following for their vision and support in terms of direct funding, in-kind contributions and insights:

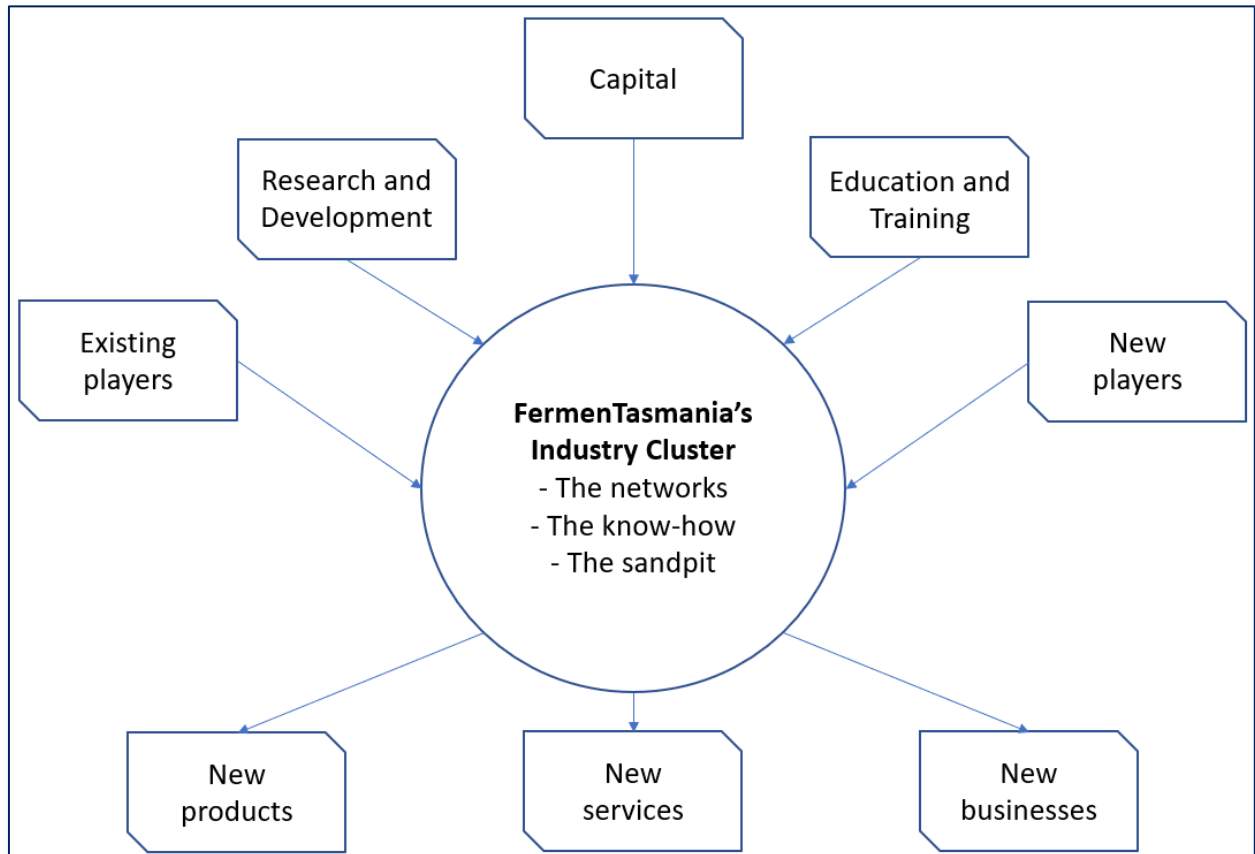
- Industry members
- Community individuals
- International networks, including the New Zealand Food Innovation Network
- University of Tasmania
- Northern Tasmania Development Corporation
- Cradle Coast Authority
- Tasmanian Government
- Federal Government
- Regional Development Australia (Tasmania)

## A solution worth pursuing

The growing interest in fermented food and drink products, combined with Tasmania's unique offerings in terms of its collaborative entrepreneurs, world-class primary produce, environmental assets and its 'islandness', provide a unique moment in which to develop a true 'triple-helix' partnership between industry, university and government, adding value through the pooling of resources.

There is now a recognised need for an industry development platform that provides access to The Networks, know-how and infrastructure that will support the development of new fermentation-focused products, services and enterprises in Tasmania.

This platform can be visualised as follows:



This is not to suggest that FermenTasmania will be working to deliver everything for everyone. Rather, the concept is to provide a physical and organisational presence so that, in addition to the services that FermenTasmania will offer (e.g. sensory lab, analytical lab) we will work with R&D providers and education and training providers to help focus and deliver services that are truly useful to our industry.

FermenTasmania has been established to provide an inspirational physical and intellectual cluster environment to facilitate the development and growth of globally recognised and world-class Tasmanian businesses that are based on the skilled application of microbial fermentation.

FermenTasmania will offer services and facilitation along the entire value chain to support a broadening culture of technical and business excellence among Tasmanian and national fermenters. We will do this by providing infrastructure and facilitated engagement with global and local experts and colleagues, through which fermentation-based and associated businesses

can develop new products, engage with research and development projects and participate in courses and workshops that will increase their technical and business skills.

We are aiming to complement large company investment in research, development and production by encourage small and emerging enterprises by focussing on sector profitability by further developing specialisation in niche/premium markets, developing new technologies and/or forming alliances with larger firms. Government can play a crucial role by facilitating a suitable physical location that will make possible collaborative efforts with public research institutions, small and large private companies and investors (i.e. strengthening the innovation triple helix).

Our vision is that through FermenTasmania, industry, academia and government agencies *together* will execute this opportunity for Tasmania to reach its potential as a go-to region of excellence for the design, production and marketing of fine fermented food and drinks<sup>2</sup> and, through this, will return substantial benefits to all project partners:

- Industry will build technical and business capacity and capability that will enable ideas to turn into micro businesses and micro businesses into small and medium enterprises.
- UTAS will develop its reputation as a leading research agency and educational provider for fermentation and related technologies.
- TasTAFE will be able to offer new career opportunities to our emerging workforce and private RTOs will be encouraged to do the same.
- Government will see increased regional economic activity and employment in a sector that aligns perfectly with Tasmania's Sustainable Agri-Food Plan 2016–2018 and the Tasmanian Visitor Economy Strategy 2015–2020: support for the growth and diversification of the fermentation industry will naturally increase Tasmania's ability to attract visitors to our State and its regions.

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<sup>2</sup> FermenTasmania knows that the opportunity for value-addition of primary produce through fermentation is broader than the food and drink focus of this plan. Fermentation and extraction processes for other bioproducts offer another large opportunity, which we will be pursuing in parallel to the activities described here.

## Section 3: The Company

### Current ownership and structure

Fermentation Tasmania Ltd (ABN: 33 609 538 338; trading as FermenTasmania) currently operates as an Australian registered, not-for-profit company, limited by guarantee.

The company was established and is operated as an industry-led entity. Its clear focus is on supporting the growth of commercial operations of new and existing fermentation-based enterprises in Tasmania.

The company constitution is in place (FermenTasmania 2017a). It is anticipated that the constitution will require finessing as the company's operational structure evolves. The constitution allows for such amendments.

Current company membership consists of the following classes:

- *Industry Member*: A person or company engaged in a fermentation business in Tasmania may apply to be admitted as an Industry Member.
- *Associate Member*: A person or company with a general interest in the Tasmanian fermentation industry, but who is not eligible to be an Industry Member, may apply to be admitted as an Associate Member.

The constitution allows for the Board to determine membership categories.


Current membership comprises the six Directors. Calls for additional members will be made when this business plan is operationalised.

The objects for which the Company was established include:

- Establishing a world-class fermentation centre in Tasmania;
- Encouraging the development of new fermentation-based products;
- Facilitating fermentation-related research to benefit individual businesses and wider sectors;
- Facilitating relevant industry education and training opportunities;
- Encouraging the development of fermentation-related tourism experiences; and
- Any other activity that will further the objects of the Company.

The company is in the process of developing a clear policy portfolio. Already in place is our environmental sustainability policy (FermenTasmania 2017b).

## Section 4: Our business strategy

 <b>fermentasmania</b>		
<b>OUR VISION</b> Tasmania is recognised internationally as a go-to region of excellence for the design, production and marketing of fermented food, drink and other products.		
<b>OUR PURPOSE</b> To be a regional economic driver by helping fermentation-based enterprises form, grow and thrive: locally, nationally and internationally.		
<b>OUR STRATEGIC OFFERING</b>		
The Networks	The Know-how	The Sandpit
<b>OUR CORE SERVICES</b>		
<ul style="list-style-type: none"> <li>• Networking and information workshops and gatherings</li> <li>• Policy and funding priorities</li> <li>• Research prioritisation</li> <li>• Research consortia</li> <li>• Researcher engagement</li> <li>• Workforce development</li> <li>• Mentor program</li> <li>• Assistance with technical tourism design and delivery</li> <li>• Design and delivery</li> <li>• Assistance with design and delivery of relevant courses and units</li> <li>• Peak body liaison, advocacy and support</li> </ul>	<ul style="list-style-type: none"> <li>• Professional connections, from concept to brand to product to market</li> <li>• Visiting expert program</li> <li>• Education and training facilitation through formal partnerships with UTAS, TASTAFE and other global training organisations</li> <li>• Student, researcher, investor and supplier interactions</li> <li>• Market and technical updates</li> <li>• Proposal writing</li> <li>• Project management</li> <li>• Annual convention</li> </ul>	<ul style="list-style-type: none"> <li>• Pilot-scale production facilities</li> <li>• Packaging facilities</li> <li>• Training facilities</li> <li>• Analytical services</li> <li>• Sensory services</li> <li>• Commercial kitchen</li> <li>• Commercial shopfront/tourism experience</li> </ul>

Within the framework of the above summary (which serves as the basis for our evolving program logic model), rollout of FermenTasmania’s services will be staged over about five years. Our initial focus will be to work with Tasmanian SME’s. As we bed down our services and operating systems, we will broaden our engagement to include larger, national and international enterprises and organisations.

## Our vision

Tasmania is recognised internationally as a go-to region of excellence for the design, production and marketing of fine fermented food, drink and other products.

## Our purpose

To be a regional economic driver by helping fermentation-based enterprises form, grow and thrive: locally, nationally and internationally.

## Our core values

### **Collaboration**

We will focus on projects that foster collaboration. Where appropriate, we will seek partners in every project we undertake – to add value, to build capacity, to build capability and to broaden connections between industry participants.

### **Economic development**

We will always work to maximise the economic development potential of the projects and endeavours in which we are involved. The overall development impact of project opportunities and their alignment with Brand Tasmania will help inform our choice of activities.

### **Environmental stewardship**

We will always seek to work with those who espouse and embody the principles outlined in our Environmental Sustainability Policy (FermentTasmania 2017b) – in their own practice, as participants in a community of practice, and as participants in the Australian social discourse.

## Our focus

Our consultation processes have clearly identified the key strategic offerings on which we should base our work:

### **The Networks**

Formal and informal workshops, seminars and gatherings to promote the sparks, the new ideas that evolve naturally from discussions and interactions with other industry members and broader stakeholders

### **The Know-how**

Information, knowledge and expertise that will promote innovation and sustainable growth for individual enterprises and sectors.



## The Sandpit

Pilot commercial production and packaging infrastructure, analytical services and sensory analysis – and related expertise – to help aspiring and existing fermenters (be they producers of fermented dairy or vegetable products, beer, cider, kombucha, mead, vinegar, wine . . .) to develop new products and refine existing ones.

In all of this, our model will be to work closely with experts, consultants and others in the fermentation and business fields, ensuring our clients and members get the best advice, knowledge, training and inspiration that we can access to help them succeed.

## Our advantage

As an industry development enterprise, the FermenTasmania Board has determined that our services will be delivered in areas where it feels there is no realistic opportunity for collaboration, no competition duplication of services and/or where apparent market failure is adversely affecting industry members and impeding business development or growth.

FermenTasmania's point of difference in this market is that we are:

- Working in a regional development framework, addressing sectoral growth impediments by fostering synergies and collaboration across all food and drink fermentation sectors.
- Providing services along the entire fermentation value chain.
- Positioned at the centre of a strong collaboration network framed along the triple helix model for regional development, in which industry, academia and government all play important and interconnected roles.
- Working to add value to all members of the fermentation value chain, and therefore we strongly encourage collaboration and engagement among current goods and service providers.
- Working from a not-for-profit value set, in which any surplus generated will be invested back into our operations for industry benefit.

## Our collaborators

The FermenTasmania concept is unique in Australia and, to our knowledge, globally. No other entity exists that has our focus on regional economic development through the fermentation sector or a facility that has the range of offerings in the food and beverage fermentation sector.

Discussions with national and international organisations visited during the past two years have resulted in requests to explore collaboration opportunities from:

- TAFE Tasmania: [www.tastafe.tas.edu.au](http://www.tastafe.tas.edu.au)
- University of Tasmania: [www.utas.edu.au](http://www.utas.edu.au)
- Regency TAFE: [www.tafesa.edu.au/locations/metro/regency/regency-courses](http://www.tafesa.edu.au/locations/metro/regency/regency-courses)
- NZ Food Innovation Network: [foodinnovationnetwork.co.nz](http://foodinnovationnetwork.co.nz)
- Danish Food Cluster: [danishfoodcluster.dk](http://danishfoodcluster.dk)
- Technical University of Munich: [lbgt.wzw.tum.de/index.php?id=5&L=1](http://lbgt.wzw.tum.de/index.php?id=5&L=1)
- Oregon State University: [oregonstate.edu/foodsci/fermentation-science-faculty](http://oregonstate.edu/foodsci/fermentation-science-faculty)
- University of California, Davis: [robertmondaviinstitute.ucdavis.edu](http://robertmondaviinstitute.ucdavis.edu)
- Washington State University Bread Lab: [thebreadlab.wsu.edu](http://thebreadlab.wsu.edu)
- Eldrimner – the Swedish National Centre for Artisan Foods: [www.eldrimner.com](http://www.eldrimner.com)

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## Performance indicators

FermenTasmania aims to achieve the following strategic aims during its first three years of operation:

### Lead indicators:

- Successful provision of knowledge and networking events and activities as per the accepted budget
- Successful proposal to FIAL's Cluster Support Programme
- Successful development of a building to house 'The Sandpit'
- Successful acquisition and commissioning of sandpit infrastructure

### Lag indicators

To have supported and facilitated:

- The establishment of **five** new enterprises
- The growth of **ten** existing enterprises
- Co-location of **five** fermentation business alongside The Sandpit
- The development of **twenty** new food, drink and technical tourism products
- The enrolment of **twenty** fermentation Associate Degree students

At the operational level, FermenTasmania aims to achieve the following during its first three years of operation:

Period	KPIs
Jan–Jun 2018	<ul style="list-style-type: none"> <li>• Obtain start-up funding support from Food Innovation Australia Ltd (FIAL).</li> <li>• Reach in-principle agreement for accessing site to house the FermenTasmania facility and associated businesses.</li> </ul>
FY2019 (Year 1)	<ul style="list-style-type: none"> <li>• Formalise cluster governance and management</li> <li>• Design and deliver budgeted courses, services and membership and sponsorship activities to generate operating revenue of &gt;\$100,000 and an operating surplus of &gt;\$10,000.</li> <li>• Design and commission the FermenTasmania pilot production facility.</li> </ul>
FY2020 (Year 2)	<ul style="list-style-type: none"> <li>• Design and deliver courses, services and membership and sponsorship activities to generate operating revenue of &gt;\$250,000, including facility access revenue of &gt;\$100,000, and an operating surplus of &gt;\$50,000.</li> </ul>
FY2021 (Year 3)	<ul style="list-style-type: none"> <li>• Design and deliver budgeted courses, services and membership and sponsorship activities to generate operating revenue of &gt;\$350,000, including facility access revenue of &gt;\$150,000, and a small operating surplus.</li> </ul>

## Milestones and metrics

Milestone	Due date	Details
Initial Business Plan endorsed by the FermenTasmania Board	November 2017	Considered at October Board meeting
Candidate site or premises for pilot production facility identified	February 2018	Priority candidate sites identified, and initial discussions held with owners
FIAL EOI submitted	February 16 2018	EOI aligned with this plan developed and submitted
In-principle agreement regarding premises reached	March 2018	Reach in-principle agreement with site owners and potential investors regarding financial arrangements for (re)development and rental
Full FIAL proposal submitted	April 30 2018	Full proposal submitted for FIAL co-investment in the FermenTasmania cluster
FIAL notification	May 2018	In-principle agreement from FIAL to co-invest in FermenTasmania's operational expenses
FermenTasmania Manager appointed	June 2018	As per the following list "The Cluster manager in a nutshell"***
Pilot production facility design completed and furniture, fixtures and equipment (FF&E) sourced	December 2018	Final design completed

\*\* (Cluster Development Handbook: pp58-59: <https://www.clusternavigators.com/products.cfm/product/cluster-development-handbook>)

### **The Cluster Manager in a Nutshell**

Gaining the trust of cluster stakeholders and building trust within the cluster.

Facilitating decision making by the cluster's stakeholders.

Leading the on-going cluster analysis process.

Building the face-to-face connections across the cluster; building the cluster's eco system.

Increasing the intensity of interactions within the cluster.

Moving from a *clump* of isolated firms, confident in exploring new areas for collaboration; building joint action; business networks; consortia.

Moving from a *clutter* of support organisations, establishing alignment.

Establishing a cultural change.

A natural networker, a broker, a consensus builder, a bridge builder across the cluster's stakeholders.

Well connected within their cluster (though not necessarily from Day One) and beyond ... able to draw in resources, knowledge, connections to support the cluster.

Aggressive in identifying new business opportunities.

Guiding but not deciding; not doing, but getting done.

Comfortable in leading from behind, able to empower others, not seeking glory.

Transparent in terms of strategy, yet able to hold confidences.

Active at the cluster's periphery ... where disruptions start.

Has no vested interest in the cluster.

Based in the cluster's functional area.

Daily involvement within the cluster.

## Risk assessment

Key risks (i.e. those with potentially catastrophic or severe operational consequences)

Hazard	Likelihood	Consequence	Mitigation
Failure to attract adequate FIAL cluster support funding	moderate	severe	Fall back to a loose Community of Interest – member funded
Failure to attract adequate capital expenditure support (e.g. facility refurbishment, equipment supply)	moderate	severe	Reset the sequence of services to be provided to avoid capital intensive programs
Low active engagement from industry members	moderate	severe	Conduct second round of services in-sell to members and prospects
Low conversion of revenue-generating offerings (e.g. courses, visiting expert, gatherings, rental, facility access etc.)	moderate	severe	Seek pre-commitment from prospective members / customers
Failure to find an appropriate site for the FermenTasmania facility	moderate	severe	Seek EoI support from Government (State and Local)
Key management dependency	high	severe	A given in small start-up enterprises
Failure to secure businesses to co-locate with The Sandpit facility	moderate	moderate	Encourage those using the facility for NPD to co-locate into the future

## Section 5: Operations plan

### Key assumptions

This operations plan is based on the following key assumptions:

- That FermenTasmania is successful in attracting FIAL funding as set out in this plan.
- That FermenTasmania will build robust, collaborative relationships with other industry bodies and with regulators to provide effective advocacy on behalf of the fermentation sector. To be competitive in national and international markets, fermenting enterprises require a stable operating environment covered by the minimum suite of effective regulations. FermenTasmania will work to understand the key operational constraints and opportunities being experienced by Tasmanian fermentation businesses and will engage appropriately, and in coordination with other bodies, to ensure that regulations are based on science and reason.
- That FermenTasmania is successful in securing access to a greenfield building or an appropriately repurposed, brownfield site as set out in this plan.
- That FermenTasmania is successful in acquiring, at a very low net cost to the organisation, FF&E to fit out a pilot commercial production facility as set out in this plan.

### Operations

#### FY2019

Guided by the three strategic offerings identified on page 12 (The Networks; The Know-how; The Sandpit), our first year of operations will have the following foci:

##### **The Networks**

Design, market and deliver a suite of network-building services, including:

- Discussions, meetings and workshops to facilitate:
  - development of business and product concepts – including technical tourism – into products, and products into enterprises.
  - engagement between industry members and visiting experts, mentors, researchers, training providers, students and investors.
  - development and communication of industry research priorities.
- Annual industry conferences.

##### **The Know-how**

Design, market and deliver a suite of knowledge-building services, including:

- Courses/workshops/seminars (e.g. technical, business, marketing, experiential) for industry members, researchers and enthusiastic amateurs alike.

- These will be developed based on demand, and hosted in ways that make it easy and attractive for industry members to attend and for all participants to get to know each other, to build relationships and facilitate the development of new ideas.

### **The Sandpit**

Design the pilot production and retail facility and acquire, install, commission and manage the FF&E for this facility.

With a focus on high-quality fermented food and drink, The Sandpit will provide appropriate, food-approved space and FF&E, to support:

- small-to-pilot scale (up to, say, 1000 L) commercial production and packaging, in which enterprises will be hosted until around their first commercial production run
- assistance in scaling up of NPD to commercial quantities
- chemical, physical and microbiological analyses
- sensory assessments
- research and product development projects
- hands-on demonstrations and courses, and
- retail sales of Tasmanian fermented products.

### *Cohabitants*

Identify and attract appropriate fermentation-based businesses to rent commercial space within The Sandpit. In this way, we will build a nationally and, over time, internationally significant fermentation hub, where likeminded businesses can operate, cooperate, cocreate and innovate where industry-focused research and development projects can be based and where locals and tourists can experience what it's all about and sample and buy products directly from the FermenTasmania retail space.

In all of this, our model will be to work closely with food industry experts, consultants and others in the fermentation and business fields, ensuring our clients and members get the best advice, knowledge, training and inspiration that we can access to help them succeed.

### **FY2020 and beyond**

In our second (FY2020) and subsequent operational years, we will refine and build on the successes of these offerings and will also adapt objectives and activities in those areas that have not provided the anticipated value.

From this year, we will also offer access to the newly commissioned sandpit. This facility will be made available on a bookings basis, with fees reflecting the facilities used and level of additional expertise and support required.



Notional activity plan for FermentTasmania’s formative stages

Offering	FY2018			FY2019				FY2020				Beyond . . .
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>The networks</b>												
<i>Gatherings, workshops and Information sessions</i>												==>
<i>Annual conference</i>												==>
<b>The know-how</b>												
<i>Consumer courses</i>												==>
<i>Technical courses</i>												==>
<i>Business courses</i>												==>
<i>Marketing courses</i>												==>
<i>Mentor program</i>												==>
<i>Visiting expert program</i>												==>
<i>Member reports - market etc updates</i>												==>
<b>The sandpit</b>												
<i>Secure in-principle access to building</i>												
<i>Secure funding and design repurpose</i>												
<i>Repurpose building</i>												
<i>Design fit out</i>												
<i>Negotiate equipment supply</i>												
<i>Acquire, install, commission equipment</i>												
<i>Sandpit open for business</i>												==>
<i>Co-location spaces available for rental</i>												==>

## Section 6: Financial plan

### Financing

#### Use of funds

The forecasts in this plan indicate that FermenTasmania will generate around \$1.4 million in revenue during the first three years of operations. This revenue will comprise ~\$0.7 million of service-related income, leveraged against about \$0.7 million external, non-repayable funding support [e.g. The Food Innovation Australia Ltd (FIAL) Cluster Support programme].

Matched against total (non-capital) costs and expenses of ~\$1.4 million, this revenue stream will generate a small carry forward into Year 4.

The budget allows for annually decreasing support (e.g. from the FIAL programme), starting with around \$300,000 in the first year and reducing to \$250,000 and \$150,000 in Years 2 and 3. It is anticipated that public funding support, possibly in the order of \$100,000 pa, will continue to be required during the establishment phase— Years 4 and 5

The design, build and fit-out of the FermenTasmania pilot production facility (targeted for Year 2) will require substantial ‘non-commercial’ funding support, as cash and/or in-kind (e.g. by donation of equipment by suppliers).

Estimates for a greenfield project to design and construct a building of this nature, excluding FF&E, are in the order of \$4,000–5,000 per square metre.

Estimates suggest that a brownfield project to adapt and make an existing building ready for occupancy, excluding FF&E, would be in the order of 130% of a comparable greenfield building.

Initial commercial estimates for FF&E, including installation and commissioning of production and analytical equipment are in the order of \$2,000,000–3,000,000. We plan to negotiate substantial reductions in these costs with suppliers interested in supporting the FermenTasmania vision.

#### Sources of funds

##### Operating funds

During the first three years, FermenTasmania’s operations will be funded by a combination of:

- Revenue generated through facilitation of course delivery, member services, and facility access, and
- Matching grant funds (e.g. FIAL Cluster Support Programme).

Given the normal evolution of industry clusters such as FermenTasmania (Ifor Ffowkes-Williams, <https://www.clusternavigators.com/>, *pers. comm.*), it is anticipated that some public funding will be required to support operations until Year 6.

Thereafter, operations will be funded by revenue generated through facilitation of course delivery, member services, and facility access.

## Capital funds

### *Building*

- Estimates for a bespoke greenfield project to design and construct a building of this nature, excluding FF&E, are in the order of \$3,000–4,000 per square metre.
- Estimates suggest that a brownfield project to adapt and make an existing building ready for occupancy, excluding FF&E, would be in the order of 130% of a comparable greenfield building.
- Discussions regarding possible access to a brownfield site that would also allow for the development of a broader fermentation hub are ongoing.

Design, site and associated capital for this building project will be met through cash and/or in-kind contributions from organisations that, among others, could include:

- Tasmanian State Government agencies
- Federal Government agencies
- Regional Development Australia
- Food Innovation Australia Ltd
- University of Tasmania

### *FF&E*

- Estimates for furniture and fixtures are in the order of \$500-1,000 per square metre.
- Estimates for acquisition and commissioning of necessary production, maturation, storage and general equipment are in the order of \$3 million. We aim to negotiate equipment donation and/or peppercorn lease from suppliers interested in supporting our vision.

## The FermenTasmania facility

### The building

Inspired by, among others, the Robert Mondavi Institute for Wine and Food Science at the University of California's Davis campus ([robertmondaviinstitute.ucdavis.edu](http://robertmondaviinstitute.ucdavis.edu); [www.archdaily.com/168716/wbf-lab-flad-architects](http://www.archdaily.com/168716/wbf-lab-flad-architects)), the ideal, greenfield FermenTasmania facility should be designed as an inspirational, world-class, 6/7+ star-rated building that will house FF&E to allow fermentation-focused business ideas to be imagined, tested and, where appropriate, brought to reality.

Three broad options for the development of this facility exist:

#### *Option 1: Bespoke greenfield site*

Initial design work on the nature of a bespoke greenfield facility has identified the following as a possible framework *{Ed: apologies for the poor reproduction of this table}*:

**Ferment Tasmania - Capital Budget Estimate**

WBS No.	Area	Category	Sub Category	Description	Unit	Qty	Cost/Qty	Cost Type	Budget Cost	Cost Risk Rating	Cost Risk % Allowance	Risk Provision \$	Total Scope \$
1.0	Building and Civils	General Areas	Retail	On site retail outlet	sqm	50	\$ 1,700	Internal Estimate	\$85,000	Medium	15%	\$12,750	\$97,750
1.0	Building and Civils	General Areas	Amenities	Toilets etc.	sqm	30	\$ 2,200	Internal Estimate	\$66,000	Medium	15%	\$9,900	\$75,900
1.0	Building and Civils	General Areas	Circulation	Ask Tread	sqm	300	\$ 1,700	Internal Estimate	\$510,000	Medium	15%	\$76,500	\$586,500
1.0	Building and Civils	General Areas	Plant room Incl CIP	Plantroom for HVAC, CIP etc	sqm	60	\$ 2,000	Internal Estimate	\$120,000	Medium	15%	\$18,000	\$138,000
1.0	Building and Civils	General Areas	Staff room	Lunch room with	sqm	30	\$ 2,200	Internal Estimate	\$66,000	Medium	15%	\$9,900	\$75,900
1.0	Building and Civils	General Areas	Office	No float	sqm	35	\$ 1,500	Internal Estimate	\$52,500	Medium	15%	\$7,875	\$60,375
1.0	Building and Civils	General Areas	Reception	Counter etc.	sqm	15	\$ 2,500	Internal Estimate	\$37,500	Medium	15%	\$5,625	\$43,125
1.0	Building and Civils	General Areas	Waste transfer/treatment	Assume similar to plant	sqm	300	\$ 2,000	Internal Estimate	\$600,000	Medium	15%	\$90,000	\$690,000
1.0	Building and Civils	Logistics Areas	Inward/outward goods dock		sqm	25	\$ 1,200	Internal Estimate	\$30,000	Medium	15%	\$4,500	\$34,500
1.0	Building and Civils	Logistics Areas	Dry storage (in)		sqm	25	\$ 2,000	Internal Estimate	\$50,000	Medium	15%	\$7,500	\$57,500
1.0	Building and Civils	Logistics Areas	Cool store (in)	Excludes chiller	sqm	25	\$ 3,500	Internal Estimate	\$87,500	Medium	15%	\$13,125	\$100,625
1.0	Building and Civils	Logistics Areas	Dry storage (out)		sqm	64	\$ 2,000	Internal Estimate	\$128,000	Medium	15%	\$19,200	\$147,200
1.0	Building and Civils	Logistics Areas	Cool store (out)	Excludes chiller	sqm	25	\$ 3,500	Internal Estimate	\$87,500	Medium	15%	\$13,125	\$100,625
1.0	Building and Civils	Logistics Areas	Freezer room	Excludes chiller	sqm	9	\$ 3,500	Internal Estimate	\$31,500	Medium	15%	\$4,725	\$36,225
1.0	Building and Civils	Logistics Areas	Cool room (ready to use)	Excludes chiller	sqm	25	\$ 3,500	Internal Estimate	\$87,500	Medium	15%	\$13,125	\$100,625
1.0	Building and Civils	Production Areas	Mash/pressing room (flexible to 3 of 5ft)		sqm	90	\$ 3,500	Internal Estimate	\$315,000	Medium	15%	\$47,250	\$362,250
1.0	Building and Civils	Production Areas	Commercial kitchen, incl small ferments		sqm	300	\$ 2,500	Internal Estimate	\$750,000	High	20%	\$150,000	\$900,000
1.0	Building and Civils	Production Areas	Maturation 1 (Temp, RH) (e.g. wine or fruit based, bulk)	Excludes HVAC	sqm	72	\$ 3,500	Internal Estimate	\$252,000	Medium	15%	\$37,800	\$289,800
1.0	Building and Civils	Production Areas	Maturation 2 (Temp, RH) (e.g. other yeast ferments)	Excludes HVAC	sqm	15	\$ 3,500	Internal Estimate	\$52,500	Medium	15%	\$7,875	\$60,375
1.0	Building and Civils	Production Areas	Maturation 3 (Temp, RH) (e.g. bacterial ferments)	Excludes HVAC	sqm	15	\$ 3,500	Internal Estimate	\$52,500	Medium	15%	\$7,875	\$60,375
1.0	Building and Civils	Production Areas	Maturation 4 (Temp, RH) (e.g. Dairy)	Excludes HVAC	sqm	15	\$ 3,500	Internal Estimate	\$52,500	Medium	15%	\$7,875	\$60,375
1.0	Building and Civils	Production Areas	Maturation 5 (Temp, RH) (e.g. sour beer/cider/vinegar)	Excludes HVAC	sqm	15	\$ 3,500	Internal Estimate	\$52,500	Medium	15%	\$7,875	\$60,375
1.0	Building and Civils	Production Areas	Maturation 6 (Temp, RH) (e.g. beer)	Excludes HVAC	sqm	15	\$ 3,500	Internal Estimate	\$52,500	Medium	15%	\$7,875	\$60,375
1.0	Building and Civils	Production Areas	Maturation 7 (Temp, RH) (e.g. bread)	Excludes HVAC	sqm	15	\$ 3,500	Internal Estimate	\$52,500	Medium	15%	\$7,875	\$60,375
1.0	Building and Civils	Production Areas	Fermentation 1 (T control room)	Wet rooms, no HVAC	sqm	300	\$ 2,500	Internal Estimate	\$750,000	Medium	15%	\$112,500	\$862,500
1.0	Building and Civils	Production Areas	Fermentation 2 (T control room)	Wet rooms, no HVAC	sqm	20	\$ 2,500	Internal Estimate	\$50,000	Medium	15%	\$7,500	\$57,500
1.0	Building and Civils	Production Areas	Fermentation 3 (T control room)	Wet rooms, no HVAC	sqm	20	\$ 2,500	Internal Estimate	\$50,000	Medium	15%	\$7,500	\$57,500
1.0	Building and Civils	Production Areas	Fermentation 4 (T control room) (Dairy)	Wet rooms, no HVAC	sqm	9	\$ 2,500	Internal Estimate	\$22,500	Medium	15%	\$3,375	\$25,875
1.0	Building and Civils	Production Areas	Distillation 1		sqm	300	\$12,000	Internal Estimate	\$3,600,000	Medium	15%	\$540,000	\$4,140,000
1.0	Building and Civils	Production Areas	Bond store 1		sqm	25	\$ 2,000	Internal Estimate	\$50,000	High	20%	\$10,000	\$60,000
1.0	Building and Civils	Production Areas	Packing room (flexible incl. riddling, disgorging)	May require specific design	sqm	150	\$ 1,200	Internal Estimate	\$180,000	Medium	15%	\$27,000	\$207,000
1.0	Building and Civils	Analysis Areas	Sensory lab		sqm	40	\$ 3,000	Internal Estimate	\$120,000	High	20%	\$24,000	\$144,000
1.0	Building and Civils	Analysis Areas	Analytical lab		sqm	25	\$ 3,000	Internal Estimate	\$75,000	Low	10%	\$7,500	\$82,500
1.0	Building and Civils	Analysis Areas	General/Micro Laboratory		sqm	25	\$ 3,000	Internal Estimate	\$75,000	High	20%	\$15,000	\$90,000
1.0	Building and Civils	Teaching Areas	Wet Teaching/Demonstrations		sqm	42	\$ 2,500	Internal Estimate	\$105,000	Medium	15%	\$15,750	\$120,750
1.0	Building and Civils	Teaching Areas	Lecture room		sqm	25	\$ 2,000	Internal Estimate	\$50,000	Medium	15%	\$7,500	\$57,500
1.0	Building and Civils	General Areas	Office/float etc.	General Allowance	item	1	\$ 200,000	Internal Estimate	\$200,000	High	20%	\$40,000	\$240,000
2.0	Utilities	Services	HVAC for maturation rooms	Will require design	item	1	\$ 250,000	Internal Estimate	\$250,000	High	20%	\$50,000	\$300,000
2.0	Utilities	Services	Trade Waste	Will be site specific	item	1	\$ 250,000	Internal Estimate	\$250,000	High	20%	\$50,000	\$300,000
2.0	Utilities	Services	Water treatment	Some filtration buffer	item	1	\$ 100,000	Internal Estimate	\$100,000	Low	10%	\$10,000	\$110,000
2.0	Utilities	Services	Boiler	Assume electric boiler	item	1	\$ 500,000	Internal Estimate	\$500,000	High	20%	\$100,000	\$600,000

		Totals	Budget Cost	Risk Provision	Total Scope
			\$5,218,500	\$66,775	\$5,285,275
		Design, Documentation & Approvals			
				10%	\$667,728
		Builder's Margin, Profit & Preliminaries			
				9%	\$546,955
<b>Cost Allowance</b>					
Total Area		1751			\$7,221,958
Cost per m <sup>2</sup>		\$4,543			\$773,156
		Total including Contingency			
				10%	\$7,955,153

Estimates, excluding land acquisition, for a greenfield project to design and construct a building of this nature, excluding FF&E, are in the order of \$4,000–5,000 per square metre.

### Option 2: Brownfield conversion

Several existing buildings in the Launceston area would lend themselves to an inspiring conversion to house the Ferment Tasmania facility alongside other commercial fermentation producers. We are actively exploring options with the owners of one of these.

Estimates for such a conversion, while necessarily being site specific, and excluding FF&E, are in the order of 130% of that of a comparable greenfield building.

## Furniture, fixtures and equipment

FF&E costs for the Ferment Tasmania facility will be substantial.

We must equip the facility to meet ‘over the horizon’ world-class standards. Infrastructure will be required for the production of a number of fermented products (some of which, like cider and vinegar, need to be physically and ‘biologically’ isolated from one another).

The facility requires a flexible and modular design, so that, where possible, equipment is mobile and can be moved from storage to operational rooms quickly and easily.

We have based our FF&E estimates on discussions with industry representatives who have a good feel for the type of equipment required and the cost of such equipment.

Early activities will include discussing equipment procurement with relevant suppliers, as there is precedent for equipment to be donated or loaned at peppercorn rates to facilities such as this.

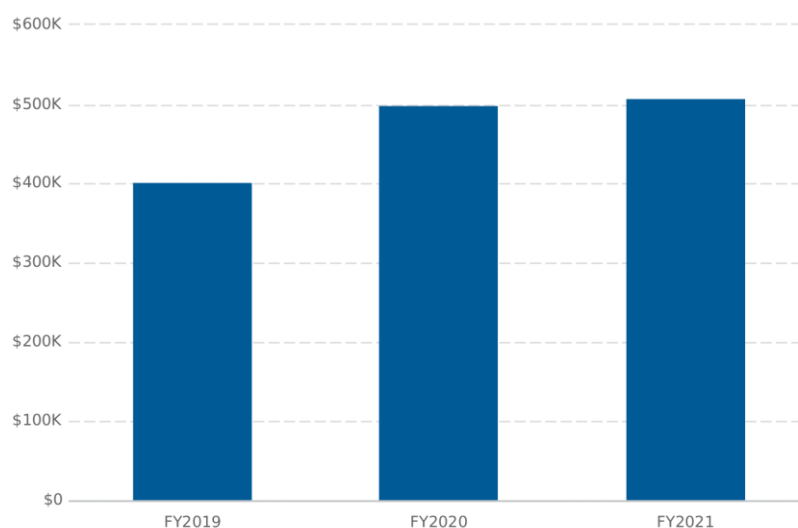
Estimates within this business plan have been informed by the 2017 Rawlinsons Australian Construction Handbook ([www.rawlhouse.com/publications-3/rawlinsons-australian-construction-handbook](http://www.rawlhouse.com/publications-3/rawlinsons-australian-construction-handbook)) and input from relevant industry, construction and fit-out experts.

## Forecast

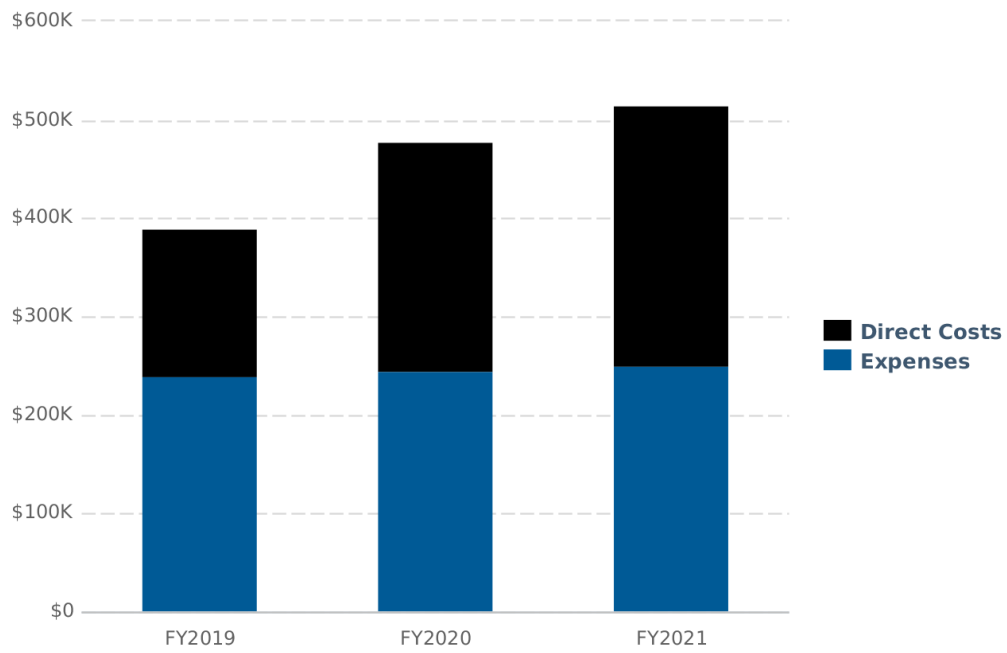
### Key assumptions

- FermenTasmania’s start-up phase (Years 1–3) will be supported by an external grant (e.g. FIAL), through matching funds focused on the establishment of a formal fermentation industry cluster in Tasmania.
- FermenTasmania’s establishment phase (Years 4–5) also will require nominal external funding support.
- Recurrent operational revenue will cover operational costs from Year 6 onward.
- FermenTasmania will develop an appropriate building to house The Sandpit.
- FermenTasmania will acquire, at a very low net cost, FF&E to fit out a pilot commercial production facility.
- FermenTasmania will be minimally staffed. A panel of relevant experts will be convened, and drawn upon as needed.
- All major equipment will be leased or donated, the cost of which will cover repairs and maintenance.

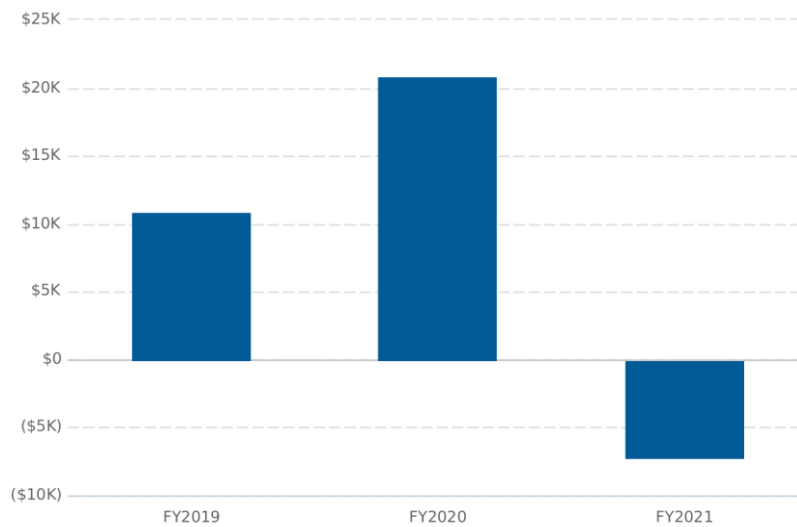
### Revenue by year



## Expenses by year



## Net profit (or loss) before tax by year



## Statements

### Projected profit and loss

	FY2019	FY2020	FY2021
Revenue	\$401,750	\$499,250	\$508,250
Direct Costs	\$150,800	\$232,750	\$264,210
Gross Margin	\$250,950	\$266,500	\$244,040
Gross Margin %	62%	53%	48%
<b>Operating Expenses</b>			
Salary	\$180,000	\$183,600	\$187,272
<b>Employee Related Expenses</b>			
Cluster Navigators	\$20,000		
Utilities	\$10,000	\$10,000	\$12,000
Communications	\$5,000	\$5,000	\$5,000
Travel etc.	\$10,000	\$12,000	\$12,000
Website setup and maintenance	\$7,000	\$3,000	\$3,000
Office equipment	\$3,000	\$3,000	\$3,000
Facility rental		\$24,000	\$24,000
Insurance	\$5,000	\$5,000	\$5,000
Total Operating Expenses	\$240,000	\$245,600	\$251,272
Operating Income	\$10,950	\$20,900	(\$7,232)
<b>Interest Incurred</b>			
Depreciation and Amortisation	\$3	\$7	\$6
Income Taxes	\$0	\$0	\$0
Total Expenses	\$390,803	\$478,357	\$515,488
Net Profit	\$10,947	\$20,893	(\$7,238)
Net Profit / Sales	3%	4%	(1%)

## Projected balance sheet

	FY2019	FY2020	FY2021
Cash	\$10,931	\$31,831	\$24,599
Accounts Receivable	\$0	\$0	\$0
Inventory			
Other Current Assets			
<b>Total Current Assets</b>	<b>\$10,931</b>	<b>\$31,831</b>	<b>\$24,599</b>
Long-Term Assets	\$19	\$19	\$19
Accumulated Depreciation	(\$3)	(\$10)	(\$16)
<b>Total Long-Term Assets</b>	<b>\$16</b>	<b>\$9</b>	<b>\$3</b>
<b>Total Assets</b>	<b>\$10,947</b>	<b>\$31,840</b>	<b>\$24,602</b>
Accounts Payable	\$0	\$0	\$0
Income Taxes Payable	\$0	\$0	\$0
Sales Taxes Payable	\$0	\$0	\$0
Short-Term Debt			
Prepaid Revenue			
<b>Total Current Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Long-Term Debt			
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Paid-In Capital			
Retained Earnings		\$10,947	\$31,840
Earnings	\$10,947	\$20,894	(\$7,238)
<b>Total Owner's Equity</b>	<b>\$10,947</b>	<b>\$31,840</b>	<b>\$24,602</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$10,947</b>	<b>\$31,840</b>	<b>\$24,602</b>



## Section 7: HR / People plan

### Governance structure

Current Members are the six Directors (Kim Seagram, Caro Brown, Jan Davis, Michael Harvey, Peter Schutz, Tom Lewis). Membership will be extended when the Board determines the company is ready to commence commercial operations.

#### Inaugural Board

FermenTasmania has evolved from the vision of a few people to become the aspiration of many.

Along with strong support from Tasmanian industry, research, training and government organisations, the foundation FermenTasmania Board brings a wealth of relevant complementary skills and experience to bear on the challenges of nurturing the FermenTasmania vision to reality:

##### **Kim Seagram (Chair):**

Kim Seagram is Co-Owner and Co-Developer of the award-winning Stillwater Restaurant and Black Cow Bistro in Launceston. Kim's passion to support local producers and build the Tasmanian Brand led her to help found Harvest Launceston, Tasmania's Community Farmers Market in 2011, where she currently sits as President. Prior to opening Stillwater in 2000, Kim and her husband developed and operated Launceston's Ripples Cafe as well as Lalla Gully Vineyard in the Pipers River region of North-East Tasmania, which they sold in 1998 to the Clover Hill/Taltarni group.

##### **Caroline (Caro) Brown:**

Caro has practical experience in agribusiness, having lived and worked overseas in rural communities and on farms. With her husband Chris, they are redeveloping a small vineyard in the Tamar Valley to be a broader perennial horticulture operation with a focus on cider. As cider makers for Brady's Lookout Cider, they are producing *methode traditionnelle* sparkling-style ciders on the property using traditional techniques.

##### **Michael Harvey (Treasurer):**

Commencing work as a trainee accountant in a small public practice accounting firm while studying at university part-time, Michael graduated from UTAS in 1992, advancing to CPA status in 1995. His industry sector experience includes education and training, manufacturing, transport and distribution, higher education, hospitality, mining, property development, primary production, community services and aquaculture.

**Peter Schutz:**

Peter is a highly regarded food industry advisor, chairman and director with an extraordinary portfolio of experience in food and agriculture in Australia. Not only has Peter 12 years as a commercial brewer and a degree in Wine Science from CSU under his belt, he is the inaugural Chairman of the Food and Agribusiness Growth Centre and Food Innovation Australia Limited (FIAL), which is a national food and agribusiness hub that drives innovation and market initiatives for the industry.

**Jan Davis (Company Secretary):**

Tagged as one of Tasmania’s top political lobbyists and one of the most influential people in the state, Jan Davis is a passionate Tasmanian. A skilled communicator, Jan is adept at responding on-message in both mainstream and social media environments. Well known for her ability to express key points of an argument clearly and to present information in an accessible manner, Jan is considered a go-to person by the media.

**Dr Tom Lewis (Executive Director):**

Tom has worked at the research, development and implementation interface of commercial and academic ventures (aquaculture, food safety and agrifood) since gaining his undergraduate degree in the mid 1980s. Tom has successfully managed commercial and academic roles in the aquaculture and food safety sectors, ranging from hands-on development, design and delivery of technical projects to high-level strategic management. Following his early career spanning aquaculture, food safety and related commercial and R&D projects, Tom now focuses on projects that help develop Tasmania’s burgeoning agrifood value-adding sector.

As FermenTasmania moves from concept to reality, we anticipate that the Board composition will change to reflect the changing needs of the growing organisation and those who have invested in this vision.

## Initial team

The FermenTasmania project is being driven through the combined and collaborative efforts of the current Directors, who are working, as needed, in close consultation with relevant industry, research, training and government representatives.

This team brings a comprehensive suite of business, management and technical skills and networks to FermenTasmania, having been intimately involved with industry-focused organisations, including restaurants, breweries, distilleries, research and development agencies, member organisations, national industry development agencies and multi-national food manufacturers.

The expertise, experience and social capital that this team brings to FermenTasmania is an enormous asset. They have cultivated a strong support network from industry, government and

academia, who are all keen to see the FermenTasmania concept bloom into a strong and vibrant reality for Tasmania.

The challenge now is to turn this exciting concept into a sustainable reality in a way that creates an inspiring place for Tasmanian and global fermenters to gather, engage and learn.

Key roles to be filled, pending initial FIAL cluster support funding, include:

- Management
- Marketing
- Funding and support
- Stakeholder liaison
- Services design
- Project management of facility design, outfitting and commissioning activities

These roles initially will be filled through the appointment of appropriately experienced and skilled management, marketing and technical staff to approximately 1.25 FTE.

## Expertise cloud

The following food industry experts, consultants and others in the fermentation and business fields form part of FermenTasmania's initial 'talent cloud', and will help us ensure our clients and members get the best advice, knowledge, training and inspiration we can access to help them succeed.

Name	Specialisation
<always under development>	
Allison Clark	Systems innovation
Anna Carew	Workforce consultant
Anton Kriz	Smart specialisation
Belinda Chapman	Microbial physiology, food and health
Corey Baker	Cider making; Facility design
Dooley Crighton	Kombucha making; Product design
Fiona Kerslake	Wine and cider fermentation
Gina Dal Santo	Cheese making; Facility design
Greg Hudson	Business development
Hazel MacTavish-West	Product development
Jay Patey	Sour dough; Facility design
Karina Dambergs	Cider making
Leanne Stellmaker	Fermentation
Maree Gerke	Skills and training
Ngaire Hobbins	Nutrition
Nathan Calman	Brewing
Nick Haddow	Cheese making; Brewing; Facility design
Richard Fisher	Facility design
Robin Johnson	Cheese making; Facility design

<b>Name</b>	<b>Specialisation</b>
Saul Eslake	Economics
Simon Brooke-Taylor	Brewing; Training
Stephen Nelsen	Brewing; Facility design
Tim Gadischke	Cheese making; Facility design
Tim Jones	Cider maker; Facility design
Todd Henderson	Architecture; Facility design
Tom Ross	Food safety and microbial physiology
<in progress>	

## Section 8: Go-to-market plan

### Marketing and communications

The very nature of FermenTasmania will require us to be nimble and dynamic, taking advantage of opportunities as they arise.

Already established networks within local, national and international industry, economic development, university, training and agribusiness-based bodies will allow us to communicate effectively and attract those wanting to access one of the many offerings from FermenTasmania. To this end, we have amassed many FermenTasmania ambassadors and proponents since launching the concept in 2015.

From an afternoon learning to make kimchi to a full qualification, or from a weekend of cheese making to establishing a new cider business, there will be many and varied opportunities for us to reach out to attract participants.

Primary markets to access clients for FermenTasmania include:

- Businesses in the food processing industry
- Agribusinesses
- Entrepreneurs/Foodpreneurs
- Visitors who travel for food experiences.

Fleshing these broad markets out a bit, we've identified six main customer segments for FermenTasmania's services and activities [through our 2015 online survey (RDS Partners 2015), our 2016 consultation project (FermenTasmania 2016) and our 2016 international study tour (Lewis, Carew and Fryar 2017)]. These include:

- Aspiring and existing fermentation entrepreneurs, seeking improved technical and business skills and greater engagement with global and local experts and colleagues.
- Aspiring and existing members of the fermentation workforce, seeking to build their skills and knowledge and their ability to engage with and contribute to this exciting industry.
- Enthusiastic amateurs (technical tourists) seeking new knowledge, skills and experiences to further their appreciation of Tasmanian fermented food and drink.
- Research providers, seeking to understand, design and deliver research outcomes that meet industry needs.
- Training providers, seeking to understand, design and deliver skills and education outcomes that meet industry needs.
- Relevant commercial goods and services providers, seeking to engage directly with industry members.

No one segment will deliver a consistently profitable return to FermenTasmania. Cross subsidisation is likely and accepted.

The market mix for FermenTasmania's activities will change as the organisation evolves. As such, our marketing activities will require regular review and refocusing.

In our first year of operation (FY2019) our marketing and communications focus will be on connecting with our core stakeholders and building awareness of, and engagement with, our growing community-of-practice and our first-year activities as outlined in the Operations Plan (pp 21f).

We will also use this time to engage in more detail regarding the funding, design and commission of our pilot commercial and cohabitation facilities, with the aim of rolling out facility access from early FY2020.

As the organisation evolves, it is anticipated that FermenTasmania will establish a retail shopfront to showcase Tasmanian fermented products, production and producers. As the objectives and design of this enterprise are determined, our communications and marketing activities will be modified accordingly.

In everything we do, our target market will be Tasmanian enterprises. It is likely, however, that this market initially will not be large enough to sustain an active portfolio of services. Therefore, our longer-term aim is to attract interstate and international clients. In this way, new thinking and potential collaborators will be brought to Tasmania, bringing with them new ideas, products and ways of working that will stimulate local leaders and expose these visitors to high quality Tasmanian produce and products.

The Business-to-Consumer market, including technical tourism, is possibly the segment offering the first opportunity for scaling and growth. Tourism literature points to the increasing importance of providing consumers with:

1. Quality experiences, including those aimed at lifelong learning, in order to commit to making the trip and going to specific places
2. Novelty, surprise of seeing things they haven't seen before
3. Learning/knowledge/understanding of something new so they have something interesting with which to embellish their personal holiday anecdotes
4. Instagrammable/Facebookable/Tweetable images that are weird, unique or beautiful, and
5. Mementos to take home.