

2nd Life

Business Consulting Report



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**HUMAN
RESOURCES**
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MANAGEMENT
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**MARKETING
MANAGEMENT**
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**MARKETING &
CONSUMER
INSIGHTS**
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ACCOUNTING

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FINANCIAL ANALYSIS OF 2ND LIFE'S RESEARCH INITIATIVE

Developing a budget for 2nd Life's research initiative is significantly more complicated than the development of a budget for a finished product. When developing a budget for a ready-to-launch product, a business will need to focus on the costs incurred in getting the product to customers for example, manufacturing, delivery, payroll etc. In contrast, the expenses of a research initiative such as 2nd Life are far less predictable. This is because, in attempting to create a feasible product, 2nd Life will be exposed to a greater range of unknown variables compared to a business seeking to launch an existing product.



FUNDING

The level of funding needed will differ depending on a range of unknown variables such as:

- Is it possible to develop the protective coating technology?
- How long will it take to develop the protective coating technology?
- What equipment will be needed to develop the protective coating technology?
- Will a competitor develop and patent the protective coating technology before 2nd Life?
- Will the protective coating technology comply with applicable laws and regulations?
- Will food retailers be willing to supply fruits and vegetables with the protective coating technology?
- Will consumers be willing to consume fruits and vegetables with the protective coating technology?



COMMERCIAL INSIGHTS

2nd Life should be aware that Australia's food industry is heavily regulated. Before being made available, any protective coating applied to fruits and vegetables must be approved by Food Standards Australia and New Zealand (FSANZ). When developing the protective coating technology, 2nd Life should regularly consult the Food Standards Code to ensure any additives and/or chemicals are permitted in Australia's produce.





ACCOUNTING

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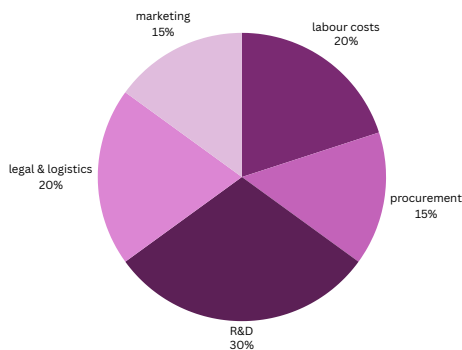
UNEXPECTED COSTS

There are a variety of costs associated with funding a project in the Food and Agriculture space, however here is an outline of some hidden costs you may not have factored into your project budget initially.

1. **R&D** - procurement of rare ingredients, quality testing and perfecting the formula
2. **Legal** - labelling costs in accordance to different global regulations, approvals by FSANZ etc.
3. **Scaling** - waste management and disposing of large quantities can be difficult, creating large quantities on a commercial scale can be costly
4. **Storage** - a product for perishable foods will require climate-controlled storage facilities, laboratories will require specialised equipment for coating food and packaging
5. **Intellectual Property** - if your formula is commercialised and sold on a global scale you will need to protect the IP through patents and license fees



PERCENTAGE BREAKDOWN OF FUNDS



For the given project, it may be difficult to estimate funding required, as well as the breakdown, however using \$1M as the budget I have provided the following split up of costs.



NOTE:

1. Procurement includes ingredients and specialised equipment
2. Logistics includes storage, packaging, transport and waste disposal
3. Legal includes compliance and regulatory requirements as well as patents and license fees

GENERAL FINANCIAL ADVICE

Overall, from an accounting and financial perspective, we believe that it is important for 2nd Life to consider the viability of their product before investing large amounts of money into all of the stages required to launch it ie. R&D, procurement, scientific trials, manufacturing, marketing etc.

The unexpected costs which may not have been accounted for initially in funding allocations may render the product infeasible to create on a commercial scale and the strict regulations in place for foods and agricultural products worldwide may make launching the product across the globe costly and onerous.

In alignment with the principles and frameworks of corporate governance, appeasing the various stakeholders may prove to be difficult and there will need to be extensive research and financial advise undertaken before deciding to invest in and grow this company.





HUMAN RESOURCES

HIRA KHAN

HIRING INSIGHTS

- **Food Scientists/Biochemists** - to develop and test the natural coatings and understand their interactions with fruits and vegetables (formulation and testing phase)
- **Microbiologists** - are needed to study the antimicrobial properties of plant extracts to ensure the safety and efficacy of the coatings.
- **Regulatory Specialists** - to handle compliance with food safety regulations and certifications.
- **Marketing/Sales Professionals** - create strategies for commercialising the product and communicating its benefits to potential clients
- **Project Manager** - to oversee project progress, ensure timelines are met, and coordinate between different teams.



BUDGET ALLOCATION

- **Research & Development** - allocate a significant portion to cover salaries for food scientists, biochemists, and microbiologists, as well as materials and equipment for formulation development.
- **Regulatory Compliance** - set aside funds for regulatory specialists to ensure adherence to relevant guidelines and obtain certifications.
- **Product Development and Testing** - budget for scale-up production costs, additional testing, and quality control.
- **Marketing and Sales** - allocate funds for developing marketing materials, conducting market research, and promoting the product.
- **Project Management** - ensure there is a portion of the budget for project managers to oversee the entire process and coordinate efforts.



COMMUNICATION

- **Regular Meetings** - schedule regular cross-functional meetings to ensure all teams are aligned and informed of progress and issues.
- **Collaborative Tools** - use project management and communication tools like Microsoft Teams to facilitate information sharing and task tracking.
- **Clear Documentation** - maintain comprehensive and accessible documentation on project goals, timelines, and updates.
- **Designated Communication Liaisons** - appoint individuals in each team to relay information and update other teams during meetings.
- **Simplified Summaries** - provide concise summaries of complex ideas, focusing on the key points and practical implications.
- **Visual Aids** - use charts, diagrams, and infographics to illustrate complex concepts.





MANAGEMENT

MARCELLA CAVALLARO



Fresh fruit and vegetables from farmers, however limited life time frame.



2nd Life should establish a strong relationship with retailers on why they should work with them.



If successful and approved, major retailers can maximise profit by having food last longer on the shelves.

DISTRIBUTION AND IMPLEMENTATION

From a management perspective, there are potential strategies that 2nd Life can implement.

- Creating a strong partnership with the distribution company themselves as this will make things easier when working with the company to put their products in stores.
- Engage with buyers and decision makers to further educate them on what the products are, why they are important and why they should be consumed.
- 2nd Life should build a strong network of transportation, storage and logistics providers in order to ensure reliability, and so a high number of supermarket and grocery stores can be supplied with 2nd Life's product

EXPERTISE

However, it is important to note that major supermarket retailers, such as Woolworths and Coles, may have certain requirements and processes that they must follow before introducing new products in stores. There are laws concerning the health and safety of food, and what will be safe to eat. 2nd Life will need to determine what their testing methods will be before introducing them to the major retailers.

Additionally, 2nd Life should keep in mind what the current demands of the society are. For example, will customers prefer to consume freshly picked fruits and vegetables or consume fruits and vegetables that have had chemicals on them to help improve the longevity. Research should be conducted (see Marketing for further information) to discover what the current demands of society are.



MARKETING MANAGEMENT

JOSH YOE

TARGET AUDIENCE AND THE CURRENT MARKET

To best determine whether the demand for all-natural foods is significant enough to launch such product, market research is required. Refer to marketing & consumer insights for further details.

However, there are a number of stakeholders which could be considered for this research project:

- **Academic and Research Institutions** - such as food science and technology departments.
- **Government Research Funding Bodies** - departments focused on agriculture, environment, and long-term sustainability, with possibilities for future subsidising.
- **Venture Capitals and Innovation Hubs** - specialising in agricultural and food technology, to provide seed funding for further research and development towards a final product.
- **Commercial Supermarkets, Food Manufacturers, and Health-Conscious Consumers** - would be interested in the final product, to increase shelf-life, reduce waste, and overall minimise food spoilage. 2nd life should initially adopt a business-to-business model.



EXISTING COMPETITORS

Apeel Sciences - <https://www.apeel.com>

- Creates plant-based natural coatings for produce to reduce water loss and oxidation. Coatings are edible, and extends the shelf life of produce without requiring refrigeration or preservatives. Focuses on reducing the carbon footprint of the food industry, as well as reliance on single-use plastic packaging.

StixFresh - <https://www.treecrop.com.au/news/stixfresh-breathes-longer-life-fruit/>

- Launched in 2019, a start-up creating a plant-based, non-invasive sticker which protects the freshness of fruits without sprays or coatings. The formula allegedly can extend the shelf-life of produce by several weeks by combatting fungal infections. The stickers are biodegradable and aim to reduce food spoilage.

Hazel Technologies - <https://www.hazeltechnologies.com>

- Innovative packaging which actively regulates the flow of gases within to naturally slow down the aging process of fruits and vegetables. They are used in crates or containers, targeting the beginning of the supply chain process to increase overall longevity - growers, packers, transport, and retailers.

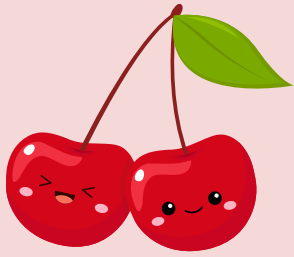
COMMUNICATION STRATEGIES

Brand Message: 2nd Life should communicate a consistent and clear brand message across all advertising materials, online presence, and visual branding identity (such as logo and tagline). This message should emphasise two main components: the strong scientific background and technological expertise; and the sustainability mission to reduce food wastage globally. Highlight the main issue, and what 2nd Life is solving.

Establish a Point of Difference: Consider where 2nd Life Initiative would position itself in the market in comparison to any existing competitors, and how it differentiates itself. Is it the knowledge, research, and scientific background? If so, should 2nd Life market itself as a consultation company? Is it the formulation of sustainable methods to create a new and innovative coating? If so, could this invention be patented, and become the focal selling point towards businesses, suppliers, and NGOs?

Invest in an Online Presence: Digital marketing strategies such as a website, LinkedIn page, and Instagram page, are recommended to create a reputable brand. This allows potential investors and stakeholders to easily discover more information on how the product works, the mission, and educational content. Also collaborate with press releases and public campaigns to raise awareness of food wastage, and the product.





MARKETING & CONSUMER INSIGHTS

GRACE RITCHIE

SURVEY QUESTIONS

2nd Life should aim to include at least 15 to 25 questions within their market research surveys. The questions should be structured into various sections (each variable should include roughly 4-5 questions):

- Demographics & Psychographics - Understand the age, income, lifestyle, and environmental consciousness of their respondents
- Current Consumption and Waste Habits - Gather insights into current practices regarding the purchase, storage, and wastage of fruits and vegetables
- Attitudes Towards Sustainability - Gauge customers awareness and feelings towards food wastage and the importance of sustainable consumption
- Interest in Alternative Solutions - Measure the interest in natural coatings versus synthetic options like 1-MCP.
- Intentions & willingness to spend - Identify consumers willingness to pay a premium for produce treated with natural coatings and the factors that might influence their purchasing behaviour

This range of questions ensures that 2nd Life will be to gather enough detailed information without causing respondents to get survey fatigue, so that completion rates and the quality of responses can be maximised.



TARGET MARKET & SAMPLE SIZE

Majority of 2nd Life's sample will be regular purchasers of fruits and vegetables. Thus, targeting these consumers will ensure 2nd Life are able to gain a comprehensive understanding of customer diversity in demographics, including a mix of urban and rural consumers, varying income levels, and differing levels of environmental consciousness.

Generally, the larger the sample size, the more likely you are to find a statistically significant difference between groups. Thus, 2nd Life should aim for around 300-400 responses. This should help 2nd Life understand customers purchasing behaviours, attitudes towards sustainability, and willingness to try alternative coatings.

2nd Life should also target its stakeholders to ensure they can capture feedback from those who would be directly involved in the supply and distribution of the natural coatings. This includes their views on costs, shelf life benefits, and potential supply chain impacts.

SAMPLE METHOD

A multi-method approach is recommended for 2nd Life to ensure they are able to effectively reach and engage with a diverse target audience:

- Online Surveys - Using platforms such as Qualtrics for consumer-focused surveys will allow for scalable data collection and analysis. The data can be easily exported into SPSS and analysed. Allow for a broad reach and cost-effective data collection from consumers.
- Structured Interviews - Can be used to understand the viewpoint of retailers, farmers, and industry stakeholders. These could be conducted over the phone, via Zoom, or in-person. This will allow for more nuanced discussions around the practicalities and challenges of implementing natural coatings.
- Focus Groups - Have 8-10 participants per group, and should be conducted either online or in-person. This will allow 2nd Life to explore consumer perceptions in more detail and test potential marketing messages or product concepts. This will uncover motivations, preferences, and perceptions that may not emerge in surveys.

Consider offering incentives, such as gift cards, to encourage participation in your surveys and interviews. This can increase response rates and engagement.

