

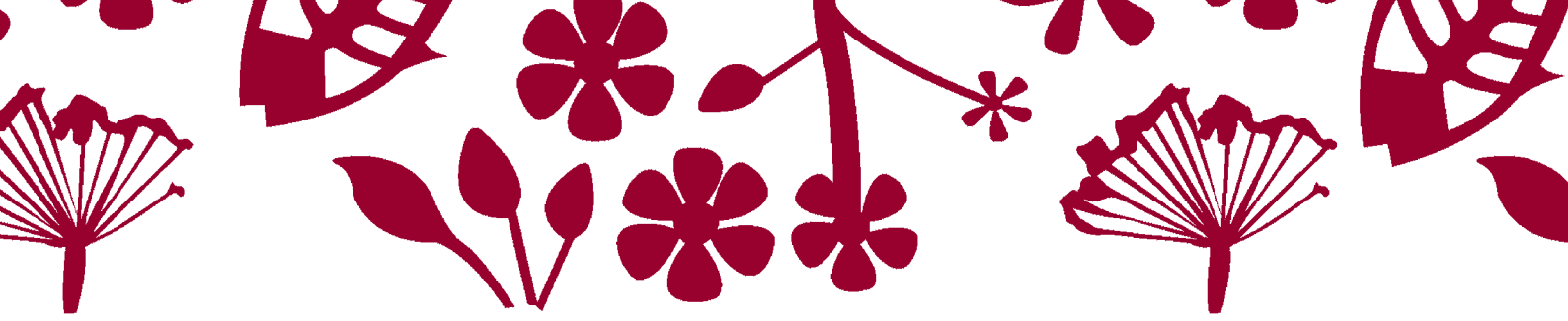
# Nicholson Fine Food and The Environment

## The Triple Bottom Line



Questionere for the Royal Agricultural Society  
of New South Wales

Presidents Medal 2007



# The Triple Bottom Line



## Questionnaire for the Royal Agricultural Society of New South Wales Presidents Medal 2007

Recognising Profitable And Sustainable Primary Industries  
Nicholson Fine Foods Yamba NSW

The concept of sustainable development has arisen in response to the potential risks that increasing business activity and population growth pose to the environment. The concept is often reflected in a desire to ensure that current business activity does not compromise the ability of future generations to meet their needs.

Implementing systems to ensure the sustainability of business practices is becoming an increasingly important market strategy. These systems often focus on 'triple bottom line' reporting that requires businesses to monitor the economic, environmental and social impacts of their operations.

### Economic Performance

Businesses that are efficient users of labour, capital and environmental resources are those capable of consistently generating positive returns to those resources, despite the often volatile market condition in which they operate.

It follows that economic performance requires a business to cope with various forms of risk, which in turn requires ongoing monitoring of key economic performance indicators and the implementation of risk management systems and strategies. Risks that impact on economic performance might include, for example, climate risk, risk associated with the quality of production inputs and risk associated with changing market demands.

## Business context of Nicholson Fine Foods

Nicholson Fine Foods was started in March 2002 by Peter Nicholson. With an original investment of \$65,000 the company has funded almost all of its development through internal resources. To create a successful business Peter set a strategy of personal and professional development beginning in 1997.

In that year he began a part time night course in Food Technology while continuing his work as an executive chef in Melbourne. Peter won the annual Sapal award as best confectionary student and after graduating in 2000, he went on to study Small Business management in 2001 at RMIT Melbourne.

The factory premises were purchased as a strategic investment in 1999 and Nicholson fine Foods began occupation of the front unit in 2002. The rear unit currently is leased as a dance studio and as the company grows this floor area will be available for the company to grow into.

Peter has set strong performance structures to create a vibrant profitable and professional business that produces high quality safe food products that are used around Australia and exported currently to Hong Kong and soon to the United States.

During the first four years of operation Peter worked alone, 6–7 days per week with no financial benefit as all profits were reinvested back into the business.

Nicholson Fine Foods now has 5 employees plus Peter. The employees all work various hours through the week depending on production, their personal needs and the role they play in the company.

The company is committed to creating the future and the people involved are a family, all sharing the experience.

## Q1. What systems or processes do you have in place to monitor:

- (a) business and enterprise costs and returns over time;
1. The company monitors its business performance on a daily, weekly, monthly and yearly basis.
  2. Using Quicken business accounting software graphical information and comparative reports are used to assess the company's internal performance.
  3. The company also uses the ANZ Bank business benchmarking analytical tools to monitor its performance against external "like companies" in Australia.
  4. Regular analysis of individual product Gross Profit margins and overall company Gross Profit margins.
  5. Tracking the cost inputs of cost of goods, labour, utilities and tertiary services
  6. Tax planning to fund the company's capital reinvestment plan. This strategy helps to strengthen the growth of the company.
  7. The company currently out sources some of the capital intensive production steps. This strategy helps to minimise borrowings and have an identifiable fixed cost of production per kg for the Belgian Chocolate Mousse.
  8. Managing labour costs, staff are there for beginning of the day briefings are part of setting operational targets.
  9. Accounts receivable ledger is managed on a weekly basis, with customers who trade outside their terms being contacted and encouraged to pay through personal contact and finally the use of a collection service. This last option has yet to be used.
- (b) the effectiveness of risk management strategies such as changed practices and new technologies on the economic performance of your business.
1. Nicholson Fine Foods manages its cost of production risk by identifying niche areas where it can effectively value add premium primary products through innovation of product formulation and technique.
  2. During the product and market sales development process, input costs and potential gross profit margins are identified. If this data confirms profitable margins at low production levels, then higher product gross profit margins can be realised when mechanising aspects of production and using greater purchasing power as sales increase.
  3. The ability to be flexible and innovative, in a dynamic market is a major advantage the company has over larger businesses.
  4. Investing time and money in perfecting an innovative process technique offers the company major production costs advantages.
  5. Planning and building a safe working environment to reduce the possibility of injury and accidents
  6. A food safety plan which is audited by Foodsafe NSW, is used to identify processes and risks in processing. Using this plan the company can monitor and make adjustments where required.

## Q2. What quality control systems or processes do you have in place to manage key risks to the economic performance of your business?

1. Using HACCP as a production tool to manage risk and reduce costs. Audited by NSW Foodsafe.
2. Standard formula work sheets for costing analysis
3. Operational process guidelines.

4. Independent laboratory product testing plays a vital role in confirming allergen free status for market segments with allergies to gluten and egg proteins.
5. The company also has an independent laboratory test its water for quality.
6. Standard product development strategies
7. To minimise risk, valuable frozen foods are stored off site in a contracted location where power backup is available during power outages.

### Environmental Performance

The environmental performance of a business relates to its impact on land, air, water and ecosystems. Environmental performance is often considered in terms of inputs (i.e. energy, water, materials) and outputs (i.e. emissions, effluents and waste).

## Q3. What environmental objectives have you set for your business?

Nicholson Fine Foods subscribes to the “reduce, reuse and recycle” approach to its environmental planning. The company applies the following operational policies and practices to meet the statement above.

1. To reduce emissions into air, land and water.
2. To make capital equipment purchases mindful of the “reduce, reuse and recycle” statement.
3. To use simple low impact processing, thereby reducing demand for highly industrialised chemical food components.
4. Minimise the use of heavy inflexible packaging, to reduce the cost and emissions of transport.
5. Prioritise the purchase of recyclable and reusable packaging
6. Use of biodegradable and low impact cleaning chemicals.

## Q4. What systems and processes do you have in place to monitor your environmental performance?

1. Specifications of infrastructure purchasing with strong environmental considerations to minimise the use of energy and water.
2. Monitor unit usage and costs of water and electricity through the billing cycle.
3. Proper disposal of waste grease and solids through a registered contractor. Although these are kept to a minimum through careful processing methods.

## Q5. Identify your key environmental performance initiatives in areas such as energy, water and bio-diversity conservation.

1. The company purchases premium green electrical power from Country Energy to run its business operations. It also makes additional Green Energy investment purchase which is used by Country Energy to invest in more green energy production infrastructure.
2. Investment in a state of the art grease/solids trap to minimise the downstream impact of waste water discharge.
3. New product packaging design using low impact processing, minimising environmental costs.
4. Packaging design driven by recyclability and minimising packaging weight component of overall product weight, thereby reducing shipping energy requirements. An example of this is using barrier plastic bags to pack cherry and vinegar products.
5. Using recycled outer package shipping cartons to pack orders in, extending the use of a package that would otherwise be crushed.
6. Encouraging local farmers to harvest wild lemons, creating value from fruit which has fallen to the ground for years. This helps to increase farm income without increasing operational inputs.

7. The company's cool environment workroom and storage areas have extra thick insulation panels to reduce operating costs and green house gas emissions.
8. Cardboard packaging that has come into the factory through its stock purchases is reused where possible to reduce the company's packaging purchases.
9. Installation of low flow shower head in the bathroom
10. Use of compact fluorescent lighting where possible.
11. Purchasing of recyclable packaging where possible. ( Glass, paper and plastic)
12. Product development focused on value adding by-products or low value ingredients.
13. Constant evaluation of business waste, focusing on minimisation and reuse options.
14. New packaging replacement policy using recyclable cardboard and environmentally friendly inks in printing production.
15. Use of low impact chemicals for cleaning.
16. Cleaning specifications and methods reducing use of water by sweep, wash, mop, sanitise, rather than wash down methods.

### Future environmental investment plan

(Subject to internal funding)

1. Replacement of the electric hot water system with a solar hot water system, minimising green house gas generation from hot water use.
2. Installation of foil sarking to the underside of the roof to increase the reflective value and reduce cooling costs within the process rooms.
3. Installation of solar cells to generate electricity for storage and use within the factory as 12v lighting.

### Social Performance

A range of factors fall within the social performance of businesses including;

- (a) employee recruitment and managements practices;
- (b) the impact of a business on the communities in which it operates; and
- (c) the impact of business products and services on customers (i.e. product safety and health attributes).

## Q6. Identify any social performance objectives you have set for your business and any associated practices you have implemented.

### Community

Being socially connected to the community locally, regionally and nationally is extremely important to Nicholson Fine Foods and its CEO Peter Nicholson.

Food is a great connector of people throughout the world and Nicholson Fine Foods is very passionate in helping people enjoy their food experience.

The company invests in information media and product sampling to encourage people to step out of their comfort zones and experience interesting fine food products.

During the five years of operation Nicholson Fine Foods has become connected to the Clarence Valley community through the following activities:

1. Sponsoring prizes for best student in Food Technology and best student in Hospitality at Grafton High School and Maclean High School, Years 11 and 12. The company has employed a graduate from Grafton High as a result of this connection and is using this process as part of its recruitment methodology.
2. In 2005 Peter spoke to the regions school students at a careers festival in Grafton held to celebrate innovation in our community.

3. Yearly factory visits from students studying food technology. These visits usually have practical formal talk and discussion components that are linked with the syllabus currently being studied.
4. Each year I spend time talking to students at Maclean High school about the hospitality and food industries as part of their career education.
5. During 2003 I was asked to give a lecture to Food studies teachers of the north coast region at Grafton High school. The teachers were interested in a new food value adding business opening in their region.
6. Each year, Nicholson Fine Foods sponsors the Best at Show cooking competition for junior and open classes at the local Maclean Agricultural show. The prizes are a hamper of products and 12 months subscription to Australian Gourmet Traveller
7. The company has also opened its doors on a number of occasions to community groups to visit and experience the factory production day. University of the 3rd age members have spent many enjoyable hours learning about the company and the products it makes.
8. Nicholson Fine Foods has a strong relationship with Lismore Challenge a regional disabled workshop. The workshop provides processing work solutions on a fee for service basis. The company is looking to strengthen the relationship with Lismore Challenge into the future because using the workshop to provide packing skill for possible export markets enhances the company's social connectedness in a profound way.
9. Sponsorship, personal and professional contributions through the organising committee of a new fringe arts festival in Yamba in 2005 and 2006.
10. Sponsorship local surfing competition and annual children's dancing competition awards night.
11. Sponsorship of the local Yamba Historical Society.

## Employees

Operational context.

Nicholson Fine Foods is a small growing company. Its only full time staff member is the owner Peter Nicholson. His commitment to the company averages 65 hours per week. The company also employs five other people weekly, on casual hourly rates. The roles these people are engaged in are, leading hand production (1), production (3) and office management (1)

Strong empowered employee relationships are very important to the company.

1. Each employee is introduced to the company through an induction program.
2. At lunchtime staff shares the responsibility to prepare the lunch meal with food provided by the company. There is no charge for this meal. Lunch is taken together at one table.
3. The company pays a base rate for work per hour at the recommended award rate for adults, age criteria are not used in determining a reduced hourly rate.
4. Each member of staff receives a letter of employment outlining their responsibilities to the company and the company's responsibilities to them as an employee. At the end of the letter is a statement.  

"If you look after Nicholson Fine Foods the Nicholson Fine Foods will look after you."
5. The company uses on the job training with strong supervision to achieve its required training needs.
6. All staff are paid on a weekly basis and have full entitlements under the award system.
7. The company is looking toward a new future with individual workplace contracts that are mutually beneficial. It will wait to see what occurs federally over the next twelve months before confirming a contract relationship with employees.
8. Developing a recruitment relationship with local schools is a priority for the company. This has already borne fruit as in 2007 the company employed the best Food Technology student from Grafton High school.
9. Low absentee and high retention of staff is a sign that all members of the team feel valued and empowered.

10. Nicholson Fine Foods is working hard to be an employer of first choice . A place where people come looking for work because they want to be part of something enriching and worthwhile.

## Products

Being a Food technologist and a career chef allows Peter to enhance the company's product development and final process outcomes.

1. The products made by Nicholson Fine Foods have strong broad market appeal; however they also have micro market appeal as well.
2. The company uses special dietary needs to add value to its customer relationships.
3. Creating and testing for specific allergens helps bring gourmet foods to a social group whose traditional food choices have been limited.
4. The company tests for the presence of gluten and egg protein in the Belgian Chocolate Mousse range.
5. Other products will also be tested in 2007 to enhance the choice for coeliac and people with allergies to egg.
6. The company invests in retail show promotion directly with the Coeliac society of Australia to grow the market understanding of the Belgian Chocolate Mousse range.

## Product development. Vegan burger for schools.

The company is developing a vegan dry mix that can be combined with fresh grated vegetables to quickly and easily make veggie burgers, sausages or fillings. This product will be aimed directly at school food outlets where healthy low salt/fat diets are encouraged.

## Peter Nicholson

September 2007

