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## Unlocking Successful New Rural Industries - Is Supply Chain Management the Key?

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September 2005

RIRDC Publication No 05/139 RIRDC Project No. UQ-89A

### Executive Summary

This report addresses the role of supply chain management as a business strategy in the development of five new rural industries in Australia – kangaroo, emu, asian vegetables, Australian native flowers and olives. It demonstrates that in new rural industries, firms with medium to high levels of supply chain management thinking, planning and implementation are more successful in terms of creating value and achieving competitive advantage than those with lower levels of supply chain management thinking, planning and implementation.

The particular focus of the research is on how supply chain management influences success in new rural industries as measured by competitive advantage. The study shows that, as firms with well developed supply chain management practices are likely to be more competitive, supply chain management is important to the success of new rural industries as a whole.

The research identifies three types of supply chains in new rural industries. They have been labelled Achievers, Idealists and Operators. Achievers are the most successful and most advanced in terms of supply chain management thinking and practices. Idealists exhibit supply chain management thinking, but lack implementation of supply chain practices. Operators do not have a supply chain orientation and create value and gain competitive advantage through their operational competencies.

The study also identifies key areas that firms in new rural industries should address in adopting supply chain management strategies and consequently improving competitive advantage. Firms in Idealist supply chains need to be able to translate their supply chain management thinking into implementation practices in order to become more competitive, as is the case with Achievers. On the other hand, firms in Operator supply chains can become more like Achievers by first developing a supply chain management orientation, then acting on it through planning and implementation. This may prove to be a major challenge for many Operator firms who are used to working in isolation from their other chain participants.

The study also contributes to theory, policy and practice in new rural industry development. In terms of theory, the study shows that supply chain management provides a valuable conceptual framework for the study of competitiveness in new rural industries, and that the supply chain can be used as a primary unit of study in such research.

Similarly, the use of supply chain management as a framework for analysis, and supply chains as units of analysis, benefits both policy development and practice. The application of public sector funding to new rural industry development may provide greater dividends if a whole of chain approach is taken, as opposed to a focus on individual firms or industry sectors. Private sector managers, on the other hand, can utilise this same conceptual framework to assess their performance, and use the insights thus gained to improve their own supply chain management performance and thus their competitive advantage.