

Fresh, Forward Thinking

Well-known and well-loved Australian egg brand Sunny Queen Farms is diversifying its product offering with a range of innovative value-added, egg-based products.

Images by Fullframe Photographics

The longevity and loyalty that Sunny Queen has in Australia is impressive. With roots dating back to the 1930s, this 100-per-cent-owned and -operated Australian company has strong ties to the land and farmers across Australia.

The CEO Magazine spoke to Managing Director John O'Hara about what eggs he and his team are laying for Sunny Queen's future.

The CEO Magazine: Since becoming MD in 2002, how have you transformed Sunny Queen?

John: When I arrived at Sunny Queen, the company was predominantly a shell egg business based in Queensland, selling eggs to the Queensland market and primarily to supermarkets. We were very much a one-channel, one-product business. After arriving, I did a critical analysis of the business to see where to from

here, and it was quite clear that we needed to expand our base in terms of product range, branding, and channels of sale.

We made sure that we had a good, strong brand, and the idea was to grow the Sunny Queen brand and move it interstate through the supermarket channel and also through the alternative market for food service and the independent market.

Thanks to that approach, we are now represented in every state of Australia with our Sunny Queen brand and our little character Sunny. That was probably the first major step for us in getting ourselves known across the country.

The other key strategy was product portfolio expansion. There were clearly a number of opportunities overseas in the value-added, egg-based product category—whether that's with egg patties, omelettes, scrambled eggs, poached eggs, boiled eggs, as well

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as a whole bunch of other opportunities that hadn't been thought about. Around 2006, we started our value-added business and we have been quietly growing that in the background.

We are servicing the food-service market with omelettes; that was the first product that we launched. We have gone into scrambled egg mix, and more recently we went into poached eggs in the food-service market. In October 2013, we launched our first convenience-type product, our Breggie Bake, a new product concept of real eggs and real bacon to eat on the go. We are continuing to work towards transforming the business into what I would call a true value-added food business.

How do you see those new value-added egg products shaping the future of Sunny Queen?

Based on what we see overseas, there's a big opportunity here. >



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Breakfast is a huge growth opportunity, and we focus resource on determining what the consumer wants out there, what's required, and putting products on the table.

I see our future as very bright in this area. I think eggs are almost the last frontier in terms of value-adding and giving people other reasons to go out and get breakfast on the run. We conducted some research recently with tradesmen and found that bacon-and-egg rolls were the number one product they went for at breakfast because of the protein and the taste.

That's great. But the problem we've identified through research is that there's at least one in four tradesmen who are skipping breakfast at least three times a week. There's still a lot of people out there who haven't quite got a breakfast offering that ticks all the boxes. That's why a product like Breggie Bake is so innovative: it's portable, it's convenient, it's full of

the protein that they need, and it's real bacon and real eggs.

For us, the future is bright, it's about finding the right products to meet the consumer demand in all the right categories. We've got some exciting ideas in the pipeline that we will introduce into the marketplace.

How have you drawn on Sunny Queen's longevity and more than seven decades of experience as you've moved the company forward?

We have a unique model in our business. We are owned by two farming families, and the farmers look after the back end and Sunny Queen looks after the front end. We do all the sales, marketing, distribution, and the manufacturing of the value-added egg products; but we draw on the experience of our farmer base to ensure that we have good stockmanship and good welfare practices, and to ensure that we

have the right types of eggs to meet the consumer demand.

We ensure that they are farming as efficiently and as effectively as they can so that we can put affordable protein on the table. Their job is to ensure that a good-quality product comes to us in the form of shell egg and/or pulp, which is really just the egg without the shell on it, and from there we want to add value along the chain so that consumers can say, "When I'm thinking of eggs or thinking of value-added, I'm thinking of Sunny Queen."

That leads into my next question: how have you nurtured relationships with your suppliers and partners?

We strive to have very strong relationships with our suppliers, as they play a key role in the success of our business. Our largest supply base is obviously our egg farmers; but we do have other companies, such as our ingredients suppliers

for our products, our packaging suppliers, and our service providers who look after our equipment and machinery.

Our suppliers are an integral part of our wider team, and we put a lot of focus on ensuring that they understand what we need and where we're heading so that they themselves can plan ahead for our future as well. So it's very important that we have that two-way communication where they understand what our future requirements are and we work with them on those requirements.

How do you engage and communicate with your employees?

I hold regular business updates with the staff based at our head office in Brisbane. I explain to them how our business is travelling, what have been our challenges and our wins, and what I see of the business environment and how it looks in the future. It's >



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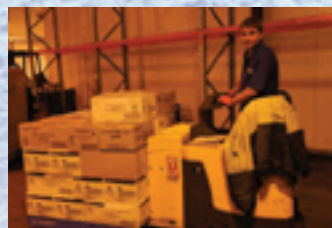


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a great, two-way open forum so every team member can understand the bigger picture and their role in helping to make it happen, and can ask me anything.

My senior team and I also spend time interstate with our teams, discussing the business and listening to their ideas. We've also invested in video conferencing so that we have a weekly hook-up with our teams interstate.

It's all about communication and talking with our people on a regular basis. I have an open-door policy, so anyone can either ring or walk through my door. That's how we work together to make things happen.

What would you say are the core values that underpin Sunny Queen and its culture?

Being a farmer-owned organisation, we are very much part of the people on the land. Our board is made up of four directors currently. There's the two farming families on the board, and we have an independent director and myself. Our strong connection with the land drives our culture, so I would say we're down to earth, open, honest, hardworking, but also have fun.

We like to have fun in the office. People spend a lot of time here and they're under a lot of pressure because we are dealing predominantly with a fresh product that needs to be moved around the country. We have to develop an environment where people feel happy. Being able to say that we're a privately owned, family organisation working for two farming families and employing a lot of people out there on the land, I think people get it and understand that it's a worthy calling.

What's your short- and long-term vision for Sunny Queen?

Our short-term focus currently is working towards getting through an egg shortage caused by a disease outbreak in New South

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Wales, which affected a lot of birds. None of those were connected with us and it was all contained, but we've just been focusing on maintaining and keeping supply up. Outside of that, we're also focusing on growing our value-added egg products business and expanding our channels of sale.

We're working closely with hospitals, aged care, and mining companies, ensuring we are positioned to deliver the products they need to help their constantly evolving businesses flourish.

In the longer term, we are 100-per-cent focused on developing products both through the value-added range and through our shelled eggs that consumers want. We are always researching the marketplace on what the emerging trends are, through our own research, one-on-one, in groups of consumers, and also the wider marketplace. Our goal is to launch products to meet those needs. The specific need at the moment is breakfast, because I think a lot of people out there don't have many quick options for breakfast. Lunch and dinner is a very crowded marketplace where people are inventing things for lunch and dinner, but the one area that has yet to fire up and has a lot of

potential and possibilities is breakfast, and that's what we're going to be focusing on.

Do health issues influence what goes onto the market?

The trends from overseas have been very interesting. There are lots of products on offer overseas that aren't offered here. I think the important thing that's emerging in this market is the risk of obesity, diabetes, and other similar health issues.

What we're trying to achieve as a company is to provide a nutritious, egg-based product that fills people up. It's actually a really versatile product that can be used across a number of meal occasions. It fills people up so they don't have to over-eat. It's a good form of protein, it's slow release, and it's good in terms of your energy levels throughout the day.

It's really important that we get the message out there that there are opportunities to proactively tackle things like obesity and the diabetes issues that we have as a country. Also, just offering opportunities in schools like our Breggie Bake—it's a perfect product for schools because it's full of the nutritional goodness of eggs. •