

Strategic Review of Ornua

(with a focus on consumer brand Kerrygold)



AGENDA



Introduction



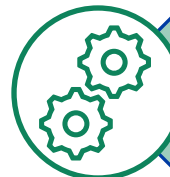
Orientation Stage



Diagnostic Stage



Intervention Stage

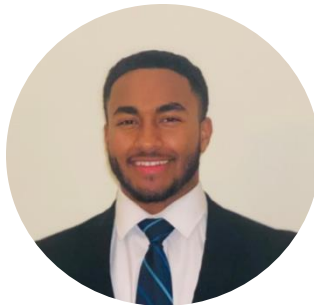


Evaluation Stage

Meet the Synergy Solutions Team



Rory Mulhern



Mohsin Orkeldeen



David Byrne



Éabha Coleman



Conor O'Leary



Georgina Collins

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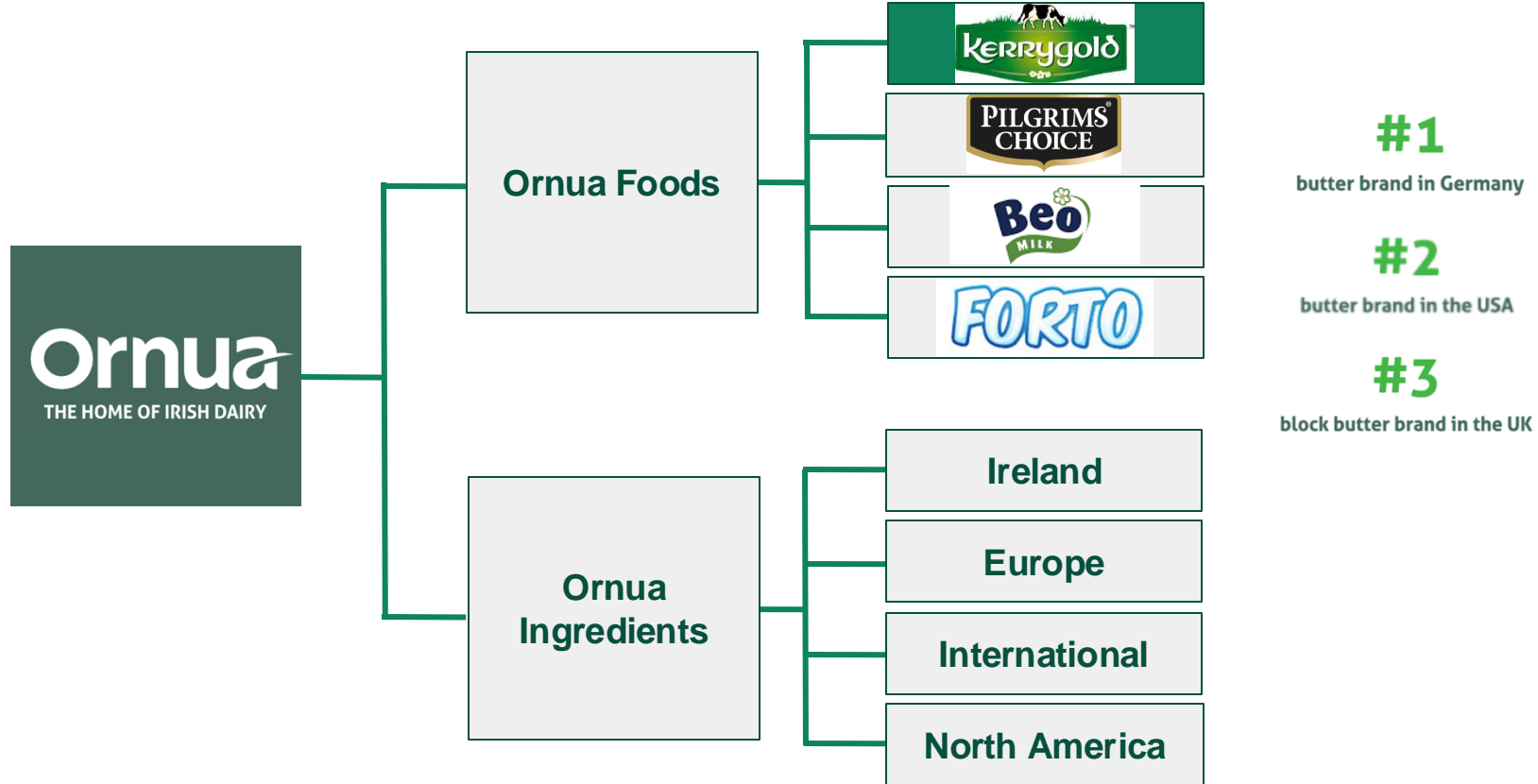
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Ornua's Organisational Structure



Orientation Stage



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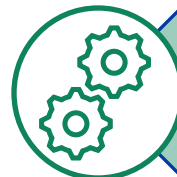
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Understanding the Strategic Issues



Sustainability

Environmental regulations and consumer expectations are intensifying, while our carbon footprint remains a concern. This challenge points toward the need for innovative sustainability solutions across our entire production chain



Research & Development

Keeping pace with rapid technological advancement and changing consumer preferences requires significant R&D investment. This challenge suggests opportunities for breakthrough innovations in product development and processing



Market Dynamics

Expanding in new markets, along with potential tariffs and quotas in areas currently trading, provides a strategic challenge. This challenge showcases the need to be agile and make decisions to best help international trade

Preliminary Literature Review

Topic and Focus

- A business strategy review of Ornuia (with focus on consumer brand Kerrygold)

Key Themes and Findings

- Studies show a growing trend towards sustainability and grass-fed products in the dairy market
- Tariffs pose issues for Irish exports of dairy products outside of EU-Trade Zone

Major Sources

- IFAC (2024) 'Food and Agribusiness- Getting your Business Fit for Export'. Available at: https://26643687.fs1.hubspotusercontent-eu1.net/hubfs/26643687/Ifac_Food_Agribusiness_Report_2024.pdf (Accessed: 28 January 2025)
- Ornuia (2023) Ornuia Annual Report 2023. Available at: <https://www.ornua.com/wp-content/uploads/2024/04/Ornuia-Annual-Report-2023.pdf> (Accessed: 18 January 2025).
- O'Brien, D., Moran, B. and Shalloo, L. (2018) 'Grass-Fed Milk', Irish Dairying Teagasc [Preprint].
- Tanwar, R. (2013) 'Porter's Generic Competitive Strategies', IOSR Journal of Business and Management, 15(1), pp. 11-17. Available at: <https://doi.org/10.9790/487X-1511117>.
- Peteraf, M.A. (1993). The cornerstones of competitive advantage: A resource-based view. Strategic Management Journal, 14(3), pp.179-191.
- Porter, M.E. (1985) Competitive Advantage. Creating and Sustaining Superior Performance (The Free Press, New York)

Gaps & Next Steps

- To find more information on Kerrygold we have interviewed a former CEO and the current CFO

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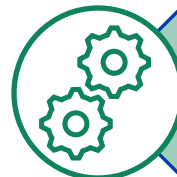
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PESTLE: Macroenvironmental Analysis



Political

- EU Free Trade Policy – smooth international trade
- Potential US Tariffs could heavily impact Kerrygold



Economic

- Rising costs & inflation
- UK Trade challenges post Brexit (non-tariff barriers)



Social

- Brand strength & quality assurance (SDAS certified)
- Ethical farming & reputation risk



Technology

- Heavy investment in technology (€40m production facilities)
- 26 new product launches in 2023



Legal

- Regulatory compliance challenges (US FDA standards)
- Current lawsuit over harmful packaging



Environment

- Food Vision 2030 – sustainable food production
- Aim for fully circular, recyclable packaging by 2030

(Team FME, 2013)

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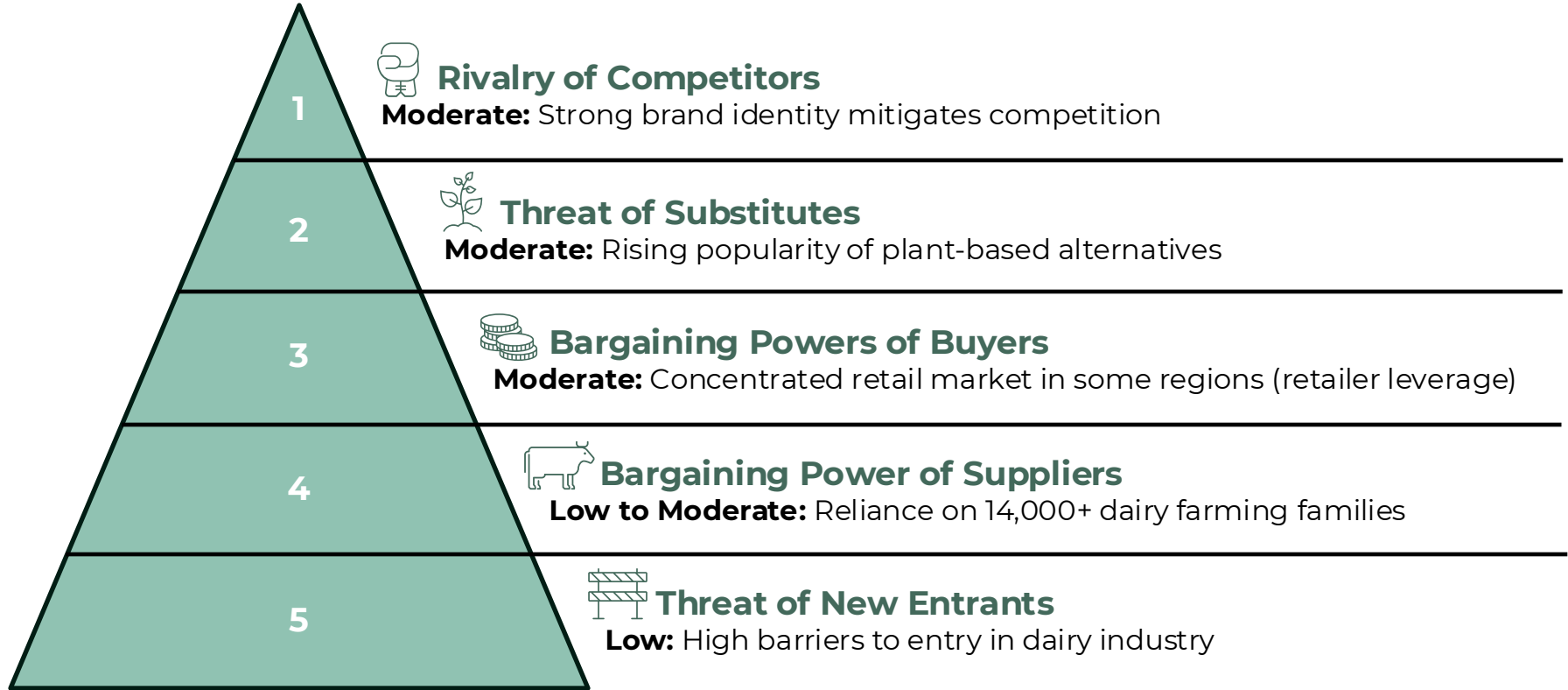
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Porter's Five Forces: Industry Analysis



(Porter, 1979)

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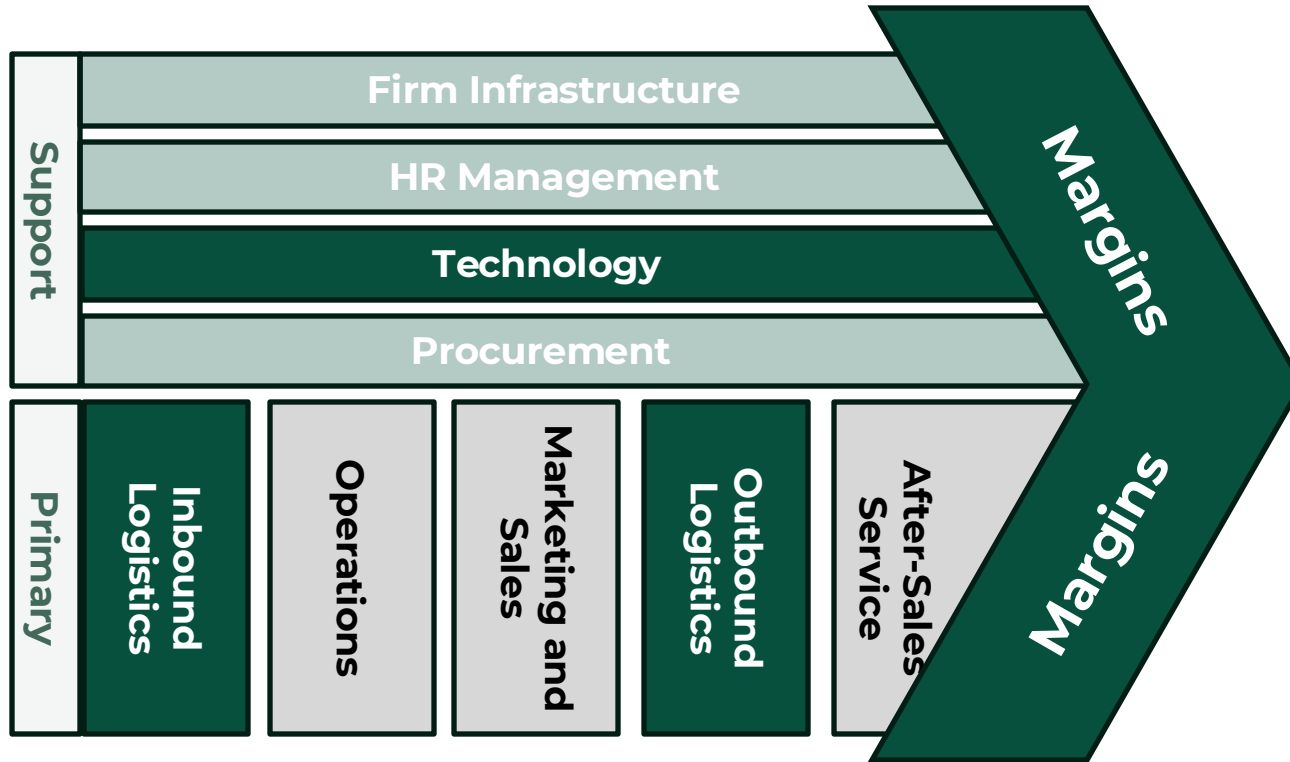
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Value Chain: Internal Analysis



Key Takeaways

Logistics

- Strong logistics network ensures product freshness
- Inefficiencies in Asia & the Middle East highlight areas of improvement for effective market penetration

Technology

- High investment in modern production facilities
- Opportunities exist to leverage AI for improving energy management, further bolstering sustainability credentials

Further investment in technology (support) increases the operational efficiency of logistics systems (primary)

(Porter, 1985)

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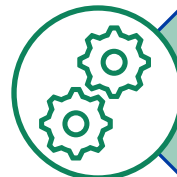
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Porter's Generic Strategies

Strategy for Kerrygold: Broad Differentiation



Premium Positioning

Emphasis on high-quality, Irish grass-fed dairy products



Brand Heritage

Leveraging long-standing relationships with farmers and strong supply chain



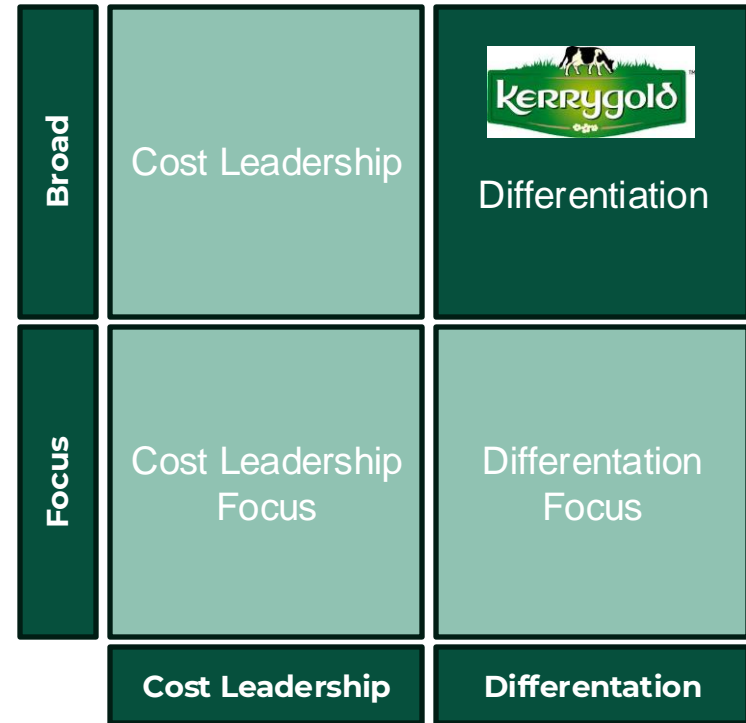
Global Presence

Broad international reach with diverse product offerings



Innovation Focus

Continuous product development and market expansion



(Porter, 1980)

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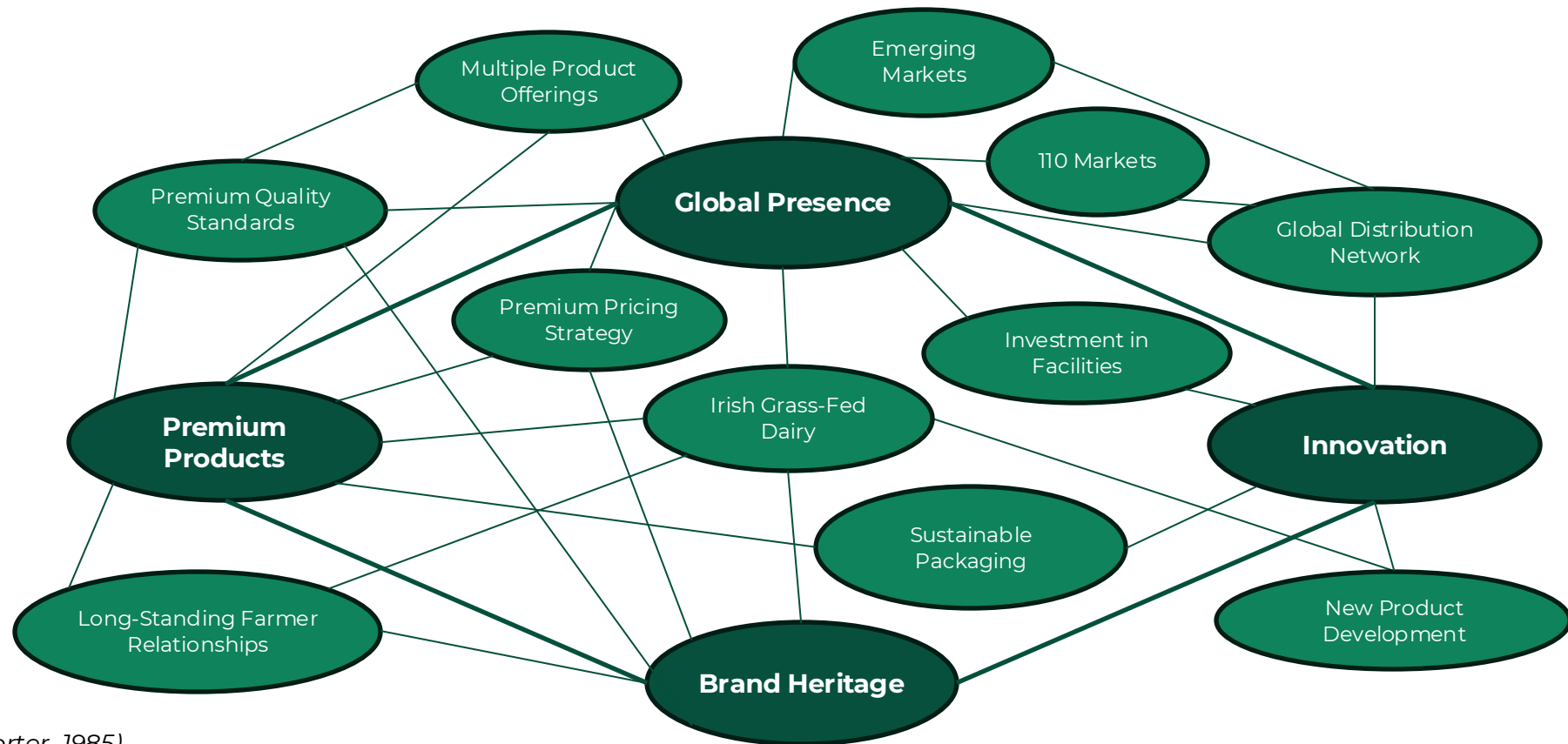
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Activity Map of Kerrygold



(Porter, 1985)

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The Synergy Solution



12 – 18
Months

Regional Logistic Hubs

Establish regional distribution centres in targeted growth markets, particularly in the Middle East and Asia

Benefits

- Reduced shipping costs and lead times
- Mitigates supply chain disruptions
- Enhances local partnerships and market presence
- Improves product traceability and customer experience



12 – 18
Months

AI-Driven Optimisation

Implement AI systems for energy management in Kerrygold facilities and new logistic hubs

Benefits

- Real-time energy consumption adjustments, predictive maintenance, improved water management, and automated sustainability reporting



Reactive

Adjusting Prices

Implement a carefully communicated, gradual price increase to offset tariffs and inflation impacts

Supporting Actions

- Intense communication efforts highlighting product quality
- Invest in customs software and border specialists for UK market
- Streamline logistics to minimize cost increases

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Conceptualisation of Findings (SWOT)

Internal

Strengths

- **Regional Logistics Hubs** – reduce costs and enhance market penetration
- **AI-Integration** – enhance efficiency, sustainability goals & competitiveness
- **Price Adjustments** – offset inflation & tariffs while maintaining premium brand positioning

Weaknesses

- **Implementation Costs** – logistics hubs & AI integration entails high upfront investment
- **Expansion Risks** – new markets require navigating cultural differences & complex regulations

External

Opportunities

- **Regional Hubs** – provides supply chain agility, reducing reliance on long-haul shipments
- **Market Diversification** – expansion to high-growth regions reduces dependency on EU & US markets
- **Sustainability Leadership** – strengthens brand as leader

Threats

- **Geopolitical Risks** – unforeseen circumstances could disrupt logistics expansion plans
- **Regulatory Changes** – increased regulations may increase operational costs

Conclusion



Synergy Solutions: Empowering Success Through Seamless Collaboration.