PART 1

Development Plan

**Project Direction and Management**

Industry Development Plan Summary

Industry Vision and Mission

Industry Coordination and Management by ATTIA

Industry Key Result Areas – Issues, Strategies and Outcomes

- Orderly marketing
- Orderly Supply
- National and International Promotions
- Information and Communication Systems
- Research and Development

PART 2

Strategy Implementation

- Roles and Responsibilities
- First 3 year Business Plan
- KRA Activity Time Lines and Outcomes

PART 3

Enhancing Industry Capability

- Benchmarks and Professionalism
- Industry Training and Development Plan
This project was formulated by the Board of the Australian Tea Tree Industry Association in response to the need to create orderly marketing of Tea Tree Oil and capability development for industry sustainability. Funding was made available through the Department of Transport & Regional Services, Rural Plan Program. The Board of ATTIA gratefully acknowledges the support and assistance of the Department for this project.

The Board:

Ms Marilyn King (Chairperson)
   Brett Anderson
   Peter Bryant
   Anthony Sarks
   Glenn Donnelly
   Robert Amour
   Brian Dunnigan
   Lee Hicks
   John Fitzgerald

The ATTIA Board nominated a cross section of industry and government representation to act as a steering committee.

The Steering Committee

Ms Marilyn King (Chairperson)
Mr Brett Anderson (Deputy Chairperson)
Ms Anne Carkery (Commonwealth Government Representative)
Mr John Murtagh
Mr Peter Bryant

Project Facilitator

This role was commissioned to Mrs Patricia Bolster
Managing Director
Willow Management Pty Ltd
Cudgen

Project Consultants

A joint proposal was accepted from Celect Management Pty Ltd and Excel Consulting Group (Qld) Pty Ltd for the development of the Industry Development Plan.
**Project Process**

The project was managed in three stages:

- AN INDUSTRY AUDIT
- DEVELOPMENT OF STRATEGIC OPTIONS
- PRODUCTION OF AN INDUSTRY DEVELOPMENT PLAN
The plan sets out goals, objectives, strategies and outcomes for seven areas of industry development – Key Result Areas (KRAs)

- Lead Industry Agency
- Industry Strategy Owner
- Orderly Marketing
- Orderly Supply
- Industry Information and Communication
- National and International Promotion
- Research and Development

The reformation and re-positioning of ATTIA is covered in the first 2 KRAs and consists of:

- establishment of a permanent office in Gold Coast/Brisbane with professional manager.
- charge of articles to form ward representation at Board and specific exporter representation.
- introduction of tiered membership and association members to reach 2,500 members in 3 years.
- strong connections to government and regulatory agencies as a marketing activity.
- management of the overall industry development Board.
- financial management to ensure sufficient funds are available to implement strategies.
- redevelopment of the biannual conference.

Orderly Marketing and Orderly Supply are commercial development areas facilitated but not organised by ATTIA. The major connections in these areas are the development of an alliance between grower groups and exporters and between grower groups. The intent of these developments are:

- provision of a forum for an exchange of market information and supply between growers and exporters.
- development of an industry Code of Ethics.
- definition and price banding of commercial types of tea tree oil.
- collection of data and information for Industry Information and Communication system.
- provision of forecasts to assist growers and exporters in decision making.
- communication between grower groups on regional developments and price.
• training and development of growers (and exporters)
• collection of R & D and promotion levies.

National and International Promotions will be provided through an ATTIA proprietary entity (notionally termed ATTOPS) which operates at arms length to ATTIA. Major features of this KRA are:

• separate Board having expertise in international trade and promotions
• multiple funding sources including ATTIA levies
• generic promotion having co-promotions with national and international commercial organisations
• co-development of the ATTIA web site as a promotion support vehicle
• positioning of Australian TEA Tree Oil above other countries
• promotion of R & D outcomes to commercial entities
• new market development including countries and new segments within countries.

Industry Information and Communication is to be developed to create a knowledgeable industry informed at all levels of activity. It is also designed to make ATTIA the source of reliable information and data and gain recognition for this. Development includes:

• facts, information and data accessible to members at three levels
• rapid communication by ATTIA to members through ward system.
• used to increase associate members who need information
• ready access by growers and exporters to price and supply data
• R & D outcomes will be more available to international audience
• web site will become multilingual to increase market accessibility to “the source”
• cultural change will result from increased transparency of data and information.

➢ Research and Development has been and will continue to be market oriented. It is proposed that:

• the RIRDC policy on R & D funding of tea tree oil used in conjunction with other products be made more flexible.
• the tea tree breeding program be re-assessed as R & D outcomes on biological activity of different chemotypes is completed
• increased promotion to commercial entities be used to extend their expenditure on tea tree oil R & D
In each KRA objectives have been established for marketing, functional areas, human resources and finance. Each objective has a number of defined strategies and actions.
A 3-year business plan forms the major part of the Industry Development Plan Implementation. This includes a detailed activity x time chart, which is to be further developed by ATTIA into an action plan having allocated resources, roles and responsibilities.

The following pages have been designed as an Industry Information handout.
ATTIA - The peak industry body - national membership and international membership, industry connection to the world.

ATTOPS - Australian Tea Tree Oil Promotions - generic promotion of Australian Tea Tree Oil and R&D outcomes at national and international level.

Exporter - Grower Alliance - a mechanism for integrating forecast supply and demand.
**Industry Long-term Strategies & Outcomes**

**VISION:**
ATTIA as a professionally managed and focused industry organization with strategic goals and measured outcomes for the next ten years. The industry is seen as stable leading global supplier and R&D centre for Tea Tree Oil.

---

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6-7</th>
<th>8-9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRA 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KRA 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KRA 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KRA 4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KRA 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KRA 6 &amp; 7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Key Result Area**
- ATTIA as Lead Industry Agency
- ATTIA as Industry Strategy Owner
- Orderly Marketing
- Orderly Supply
- National & International Promotion
- Industry Information and Communication
- Research and Development

**Strategies**
- Professional office, Change of articles of association, collection and analysis of data
- Directors to manage KRA’s ATTIA website and promotion Bi-annual industry reviews
- Alliance between all players Presentation to Government Influencing regulatory agencies
- Promote industry benefits Provide leadership Alliance with international trading
- Register ATTOPS Integrate promotional plans Develop electronic systems
- Define TT standards Links with international agencies Grower information system
- Divide R&D into focus areas Provide marketing research Leverage funds with research agencies

**Outcomes**
- Paid Directors Recognition with Int. agencies Represented to demand chain
- Constant communication Access to data Int. reputation as the source
- Growth in demand Steady farm gate price closer co-ordination
- Growers more cohesive Control over supply & demand Stronger relationships
- Aust. Tea Tree as benchmark Evening of supply and demand Leading economic model
- Factual data base for decision making and marketing
- Wider spread of R&D benefits i Acceptance with regulators

**KEY:**
Dotted lines represent the lead in period for key result functions.
Australian Tea Tree Industry Development Plan

The Means

ATTIA will provide leadership for Industry Development in Key Result Areas (KRA) of:

Lead Industry Agency - this is a reformation of ATTIA and repositioning as ATTIA in the national and international arenas.

Industry Strategy Owner - in this KRA, ATTIA Directors manage the industry development plan and ensure it has international connections.

Orderly Marketing - an alliance between growers and exporters to assist in matching supply and demand and to ensure profitability.

Orderly Supply - facilitation of supply groups having a single negotiating point with exporters and an alliance between grower groups.

National and International Promotions - a vehicle developed by ATTIA, with a specialist Board of Directors, that will carry out generic promotions of tea tree oil.

Industry Information and Communication - a web based information system to increase knowledge, develop industry transparency and connect the industry to the international community.

Research and Development - aimed at maintaining market oriented R&D and Tree Breeding to market requirements.

340 Growers producing 800 tonnes per year

Average plantation size 15-25 ha with few large plantations

ATTIA locally focused with low membership

Industry culture - secrecy and local competitiveness

International marketing price driven and locally competitive

R&D market oriented but not ‘sold’, little regulatory acceptance

International promotions not organized at industry level

Current Reality

250 growers producing 3000 tonne per year

Average plantation size 50ha with few very large plantations

ATTIA National and International focus with large membership

Industry culture - openness and cohesiveness

International marketing demand driven

R&D market oriented and underpinning development and regulatory acceptance

High level of promotion and connection to International community

Future
Industry Vision and Mission

How it will be:

2001 The industry is at rock bottom. Prices now look to be turning up but the stock backlog at NQEO and the harvest of some crops remains an industry problem. There is some optimism brought about by a reduction in production due to drought and flood.

ATTIA has received the Industry Development Plan and is searching for the finance to start implementation. At least the web site is operating and is being used to symbolise that change is on the way.

Growers are coming to grips with the concepts of Orderly Supply and what it might mean. Although grower groups have formed there is a long way to real cohesiveness and co-operation. Change will be a slow process.

Exporters and Exporter/Growers are somewhat ambivalent about the direction. Some resent the process that will free up information and data, which historically was their province. Others are more enthusiastic about supply management and the formation of ATTOPS.

Having obtained initial financing ATTIA has established a Brisbane Office with a CEO and support staff. A great Christmas present for the Industry. Some growers question why it is not on the Northern Rivers and need reassurance from ATTIA Directors of the need.

ATTIA has begun the reformation of structure and Directors are out “selling” the package to the constituents.

Funding has at last increased from both membership and collection of levies. ATTOPS with its independent Board is born and begins the challenges of implementing the promotional strategies. Sharing the ATTIA office assists in overheads and creating a top level team.

A significant review of the Industry R & D was made to ensure all stakeholders accepted the strategies for this KRA.

It was a hard year – but only the start of the journey.

2002 The Industry Training Plan is being steadily implemented across the growers community. It is succeeding in increasing the knowledge base, removing inter-farm suspicions and bringing the industry together at grass roots level.
Supply groups are operating although about 25% of growers remain independent. They now tend to follow the price bands published and used by the Supply groups. Some exporters are using the outsiders as a pricing leverage but most are benefiting from order.

ATTOPS is starting to exert an influence at the international level. Prices (farm-gate) have also responded with average price around $30/kg and steadily moving toward $35/kg. Production is increasing again and stock carry over is 50% less than the previous two years.

ATTIA is exerting a positive influence on the industry and the international membership is on target. This has made a significant effect on the financial position and enhanced promotional activity. The web site is near to operating capacity with some databases still to be completed. The data and information availability has made a considerable impact on the historic culture of secrecy and misinformation.

Some important areas of R & D are nearing completion and new products are emerging in the industrial and agricultural sectors. This has led to contractual arrangements between supply groups and the product developers. This is projected to be a significant supply trend.

The International Conference was a great success and attracted a wide range of international interest in new market segments. ATTOPS gained a lot of leads for follow up promotion.

ATTIA is starting to receive a higher status with regulatory agencies and the image of Industry Leader is being accepted as relationships develop.

Acceptance of the logo and its uses was somewhat slow but is trending toward wide international use.

Being an ATTIA Director has been no picnic but the rewards are coming.

International promotion by ATTOPS has achieved the industry growth targets. Supply groups are having some difficulties as some existing growers want to expand production faster and new entrants are starting to appear. The non-aligned supply has also increased and concerns exist that supply may exceed demand. Seasonal growth factors have also increased production. Industry openness has allowed healthy debate.

ATTOPS has moved pro-actively to expand markets in the Middle East and India.

ATTIA membership is on target and with it sufficient funds to operate as a professional industry body. Director skills are a high order and they are paid for their services.
R & D in industrial and agricultural products has started to deliver and contracted growers are benefiting from steady prices and long term supply agreements. Total production has reached 1500 tonne/yr with prices in the mid $30s/kg.

The Web site is in full operation and is now being developed in other languages. It has had a powerful influence on information flow both nationally and internationally. The outcome has been a positioning of Australian Tea Tree Oil as the international benchmark.

International competition is growing from China and Vietnam and plantings are occurring in India.

Across the grower industry sector there is a quiet confidence. Skill and knowledge levels are more uniform and production tends to be more market oriented.

2004-2006 – El Nino has returned and has impacted on production. Although total production has increased to 1800 tonne returns/ha are down. There has been a slight increase in prices.

ATTOPS has focussed on increasing market penetration in existing markets and market segments to hold out international competition.

The second international conference was a great success and was repeated in both Europe and the USA. Key speakers in the areas of R & D, Marketing and Regulatory Issues were drawn from the international community. Conference material was used by ATTIA to leverage regulatory acceptance in the USA, Europe and Japan.

Growth in the agricultural and industrial markets have been steadily matched by orderly supply. Membership of supply groups has increased to about 85% of all small to medium producers. This group now represents about 65% of the total supply.

2007-2010 – In this period a combination of better seasons and increased production has seen some 3000 tonne of oil/yr being produced. The down cycle appears to be starting again. ATTOPS’ activities are directed at demand stimulation and market penetration in the new markets opened three years earlier. This effort is supported by the more sophisticated exporters.
ATTIA has achieved the impossible. EU and USFDA approvals and listings have been achieved. This has had an impact on R & D and the specification of tea tree oil. Changes in extraction techniques have also contributed to specification change.

The export of oil and value added products is approaching a value of $100 million. ATTIA has maintained the levy system and funding of R & D and promotions has continued at a high level.

The average farm size has increased to 50 ha and the genetic improvements have provided shrubs with a capacity of 350 kg/ha over a range of conditions. Average production is 240 kg/ha and total farm numbers has decreased to about 250 as small growers leave the industry.
OUR MISSION

ATTIA
Our mission is to develop a stable, cohesive and internationally competitive Tea Tree Oil Industry.

ATTOPS
Our mission is to create demand in selected international markets through generic promotion activities.
The peak industry body of the Tea Tree Industry is ATTIA. The industry perceived the key result areas of ATTIA to be:

- **Lead Industry Agency** - a focal point for the industry to deal with government, regulatory agencies, R&D and communication.

- **Industry Promotions Agency** - generic industry promotion at national and international levels.

- **Market Research Agency** - following market trends and consumer awareness measurement.

- **Industry Strategy Owner** - the industry leader and formulator of overall industry strategy.

Some of these areas are covered in the industry development plan, however there are a number of ATTIA strategic issues which are to be developed within the overall plan in order to ensure capability of coordination, organisation and management. The key result areas, which need to have specific ATTIA strategies, are:

- Lead Industry Agency
- Industry Strategy Owner

The issues and desired outcomes are shown below.
Objective: To develop ATTIA as the lead industry agency representing both national and international stakeholders.

Background: ATTIA has a solid mandate to act on behalf of the whole industry. Despite the fact that ATTIA is a voluntary organisation there is an expectation that it needs to do more. The expectation does not appear to include extra payment of levies. ATTIA membership does not represent the whole industry. Opportunities exist for expanding membership both within Australia and the international tea tree universe. The profile of ATTIA is relatively low at an international level and hence there is no pivot for this universe to gain independent data and information. ATTIA has a long history of internal focus and this is reflected in the newsletter, which in recent times has tried to reposition itself. Being voluntary with Board members elected at an AGM creates a situation where a spread of expertise and skill at Board is often uneven and in some individuals somewhat lacking. The mechanism of election also allows for stacking by regions and in turn enhances the perception that it is a Northern Rivers show. There are a number of practical and economic reasons why this has been so.
**Issues**

- ATTIA has no formal marketing plan to increase membership.
- ATTIA has no international focus.
- Board members do not have to have prior qualifications nor is there a process for skilling Directors.
- Leadership is a major industry issue and constituents expect ATTIA to provide it.
- ATTIA has no tradition of information/data gathering synthesis and communication with respect to international markets.
- ATTIA newsletter has a strong farm focus and constituents need more marketing information, pricing and trends.
- ATTIA is accepted by Government and RIRDC as the lead industry agency.
- ATTIA is not perceived by the constituents as a selling desk but should control a promotions entity.
- ATTIA constituents are expanding into other native essential oils and the opportunity exists for an expansion of the ATTIA electorate.
- Discontinuity of governance results from the electoral process, which allows for a complete annual change of Board.
- ATTIA now represents an industry having an export value between $12 million (bad year) and $34 million (good year) and needs a permanent office presence to deal with the day to day operations.
- ATTIA is perceived to be the agency to deal with international regulatory issues and communications.

**Strategies**

**Board**

- implement a Directors’ training program, which operates at Regional Level so that a wider experience and skill base can be drawn upon.
- change the memorandum and articles to allow for rotational Board representation.
- establish a permanent Professional ATTIA Office with resources for:
  - managing day to day issues.
  - managing the Industry Development Plan.
  - collecting, analysing, storing and disseminating data and information.
- maintaining communication at national and international level.
- developing relationships with State and Commonwealth Government.

<table>
<thead>
<tr>
<th>Developing Relationships with International Regulatory Agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ change the memorandum and articles to allow for regional representation which minimises stacking</td>
</tr>
</tbody>
</table>

### Communication

- refocus the newsletter to include more market information, human interest and external inputs.
- establish an international presence with governments, regulatory agencies and develop a database to assist regular communication with them.
- create a professional industry profile in the international essential oil arena.

### Membership

- develop a marketing plan for the purpose of expanding grower and exporter membership.
- develop a marketing plan for the purpose of attracting national and international membership of importers, manufacturers and specialty retailers as corporate membership.

### Outcomes

- in five years we will have a pool of paid Directors who have the skills and experience to assist in the operation of a professional industry at regional, national and international levels.
- within three years ATTIA will be recognised as the national and international source of independent trustworthy...
information and data relating to Australian Tea Tree Oil.

- within five years ATTIA will have made significant progress with international regulatory agencies and this will facilitate market expansion.

- ATTIA will represent the whole demand chain from R&D, grower to consumer and this will be a significant component of the Australian Tea Tree Competitive advantage.
Key Result Area: Industry Strategy Owner

**Objective:**
To manage the Industry Development Plan, monitor the effectiveness of the outcomes and promote the celebration of success as milestones are reached.

**Background:**
Implementation of the Industry Development Plan will require a high level of ATTIA inputs in the management role. The key result area strategies have key performance indicators. The implementation of the plan will result in considerable information and data being generated. This will in effect become the management tool: “what we cannot measure, we cannot manage.” This information and data will allow the plan to be monitored and adjusted over time.

**Issues**
- ATTIA will need to coordinate a considerable number of parallel activities. It will need resources to do this.
- Considerable goodwill is required to maintain motivation along the demand chain.
- Project management will need to become a formal ATTIA process and the tools for this need to be acquired.
- The KRA of industry information and data gathering is an important part of the process.
- ATTIA will need to be more internationally focussed in order to manage the strategies.
- Stability in the ATTIA Board over time is necessary for the purposes of consistency of plan implementation. This infers rotation of Directors.
- An industry process for celebrating success needs to be developed and implemented and encompass the whole demand chain.
- ATTIA will need to establish an industry officer to run the development plan process.
Strategies

- assign pairs of ATTIA Directors responsibility for a key result area and institute training in project management.
- redevelop industry representation through supply groups and within supply groups develop sub groups for direct communication.
- establish the ATTIA web site as a two-tiered site having general promotional/information at one level and a member only level for industry data.
- promote the ATTIA web site nationally and internationally as “the source” and encourage international membership.
- establish a biannual industry review as a celebration process and integrate annual conference with these activities.
- promote to industry individual successes including those new products launched overseas.

Outcomes

- in two years ATTIA will have a capability of communicating with all growers on a 24h-time cycle.
- all members will be able to access up to date accurate information and data.
- ATTIA will have a national and international reputation as “the source” of knowledge and commercial applications of Australian Tea Tree Oil.
- ATTIA will be repositioned as the Industry Leader.
Key Result Areas: Orderly Marketing

Objective: To create an orderly marketing system, which will allow competitive sales to occur in bands which are profitable for all participants in the demand chain.

Background: A number of factors led to a spiralling downturn in the international price for tea tree oil. Major factors contributing to the downturn were considered to be:

- there was a lack of understanding of the nature of demand is derived and hence little affected by radical price changes.
- lack of accurate data on the overall supply, stock level growth and total market uptake
- increased supply from both small and large growers.
- competition between exporters based solely on price.

There are exporters who question the production and stock levels cited in the audit report but have not presented their own data to support this questioning.

The price and definition propositions provided by individual exporters have led to a number of positions for tea tree in the market place. Exporters have created some confusion by using multiple positioning for oil. They appear to have failed to use their own inherent competitive advantage in positioning their “brand” rather than creating numerous “tea tree oil positions.” This is an important issue for orderly marketing consistency of image and the success of a generic industry promotional program.

Issues

- export prices banded in the CIF A$15-$20/kg range to the USA were available in the wholesale market at A$48-$60/kg.
- export prices banded in the CIF A$13:50-A$20/kg range to the EU were available in the wholesale market at A$48-$60/kg.
- the emergence of Aldi supermarkets as a discounter of tea tree oil in Germany and direct selling to the retailer had a destabilising effect on this market.
- USA retail products of pure oil remained in the same price band A$1100 to A$1500/kg despite the decrease in export prices.

- manufacturers of cosmetics and pet products containing tea tree oil reported a slight decrease in consumer interest in USA, Australia and UK.

- proliferation of exporters responding to the market downturn as individual growers entered the market also contributed to price reduction.

- discount pricing appears to have had little effect on demand (except perhaps the Aldi effect) as stock to production estimates of June 2000 were similar to the previous year.

- no accurate data system exists which would allow exporters to monitor sales production and stock.

- Australian exporters see each other as “the enemy” and not overseas importers and other producing countries.

- exporters do not inform growers of market conditions, destination of product and end use of product. This is partially related to various levels of mistrust and misinformation.

- purchasing at low prices led to a distortion in stock position with NQEO holding 40% of the known stock at June 2000.

- importers reported that Australian Exporters tended to “play round robin” by stealing each other’s market and not creating new markets. In some instances they also stole importers customers.

- production trend analysis shows about a 35% reduction in 2001/2002 due to weather and grower drop out but level in 2002/2003 as new entrants come into full production. The industry has sufficient plantings to achieve 900 tonnes/yr.

- growers and some exporters strongly supported the development of an independent promotional entity, which would undertake national and international promotion.

- lack of definitions that are universally accepted impacts on generic positioning of tea tree oil as a high value product.

- there is no mechanism for coordination of supply, forecast of demand and managing the volatility of supply and demand.

- there was little exporter support for continuing USFDA listing – put in the “too hard basket”

- product R&D in new segments is seen as the key to expanding markets. These include industrial, agricultural and domestic sectors.

- the Australian market is underdeveloped and requires some industry inputs to have existing R&D commercialised.
Strategies

- creation of an alliance between grower groups, exporters and grower exporters. This is to be a forum for exchange of information, data market trend forecasts and production forecasts. It will operate as a commercial forum outside of ATTIA although ATTIA may be represented.

- strong presentations by ATTIA to Government to have tea tree oil officially listed as a separate export code and the collection of data from Custom's files. Use of this data on the ATTIA web site.

- liaison between the alliance and the generic promotions vehicle (Australian Tea Tree Oil Promotions).

- connection of importers, wholesalers and manufacturers to the ATTIA membership and information system.

- strong levels of influence by ATTIA on regulatory agencies to facilitate demand development and trade barrier removals. This includes marketing the R&D outcomes.

- development of a logo and promotion of its value and benefits by all exporters, importers, manufacturers and retailers.

- establishment of minimum price bands for oils of varying composition.

Outcomes

- steady growth of demand with sustainable spikes as new markets are created.

- reduced farm gate price fluctuations.

- closer coordination of supply and demand.
**Key Result Area: Creating Orderly Supply**

**Objective:** To establish an industry structure based on supply groups, each of which has a single supply desk to deal with exporters or which can conduct direct trade in the international markets.

**Background:** The industry audit indicated that the down turn in price was a result of several interactive factors which included “selling below the traitors who sell below cost price.” The secrecy and rumour mechanisms coupled with fragmentation led to grower competing with grower. The audit indicated that about 25% of growers had formed supply groups and a further 50% of growers indicated a willingness to do so.

**Issues**

- major exporters can deal with growers on a one by one basis and influence the price proposition.
- the individualistic nature of growers creates some difficulties in achieving cohesiveness and some training inputs would be essential.
- isolation of some individual growers may make it difficult to include them.
- models exist with NQEO and Clarence River Co-Op, which would be useful for groups to emulate.
- willingness to modify production outputs in accord with identified demand trends.
- supply arrangements (contracts) need to be developed between groups and/or exporters or major importers.
- industry transparency would require anonymous group reporting to the IT system.
- international promotion of the industry would include the industry organisation structure as a marketing strength.
- formal structures and financial/supply arrangements need to be addressed as part of the overall orderly supply strategy.
Strategy

- promote the features and benefits of orderly supply being created through collective action.
- provide leadership to group or formation in each of the five areas where groups do not exist at present.
- introduce training in group formation and cohesiveness toward achieving common goals.
- develop sub groups to assist in communication and creating a sense of belonging to the group and the industry.
- develop generic definitions and floor prices as recommended minimum farm gate prices.
- through ATTIA Directors interface with international information/data system, training members in accessing and using this for business management.
- develop an alliance across groups for internal trading. Pooling or blending of oil.
- train key people in the region in the “how to “ of running rural groups as business entities.
- develop systems for forecasting area supply trend and connecting these to the ATTIA Info system.
- develop system for collecting promotion and R&D levies at the time of oil sale.

Outcomes

- growers in each region will be more cohesive in increasing/decreasing supply in response to forecast demand.
- a greater degree of control will be exerted on supply, demand and price
- stronger commercial relationships will be developed with exporters.
**Objective:** To establish an independent Promotions Company to promote tea tree oil at national and international levels in order to enhance orderly marketing.

**Background:** During the industry meetings and the majority of selling desk discussions it was obvious that a mandate existed for ATTIA to form a promotional vehicle which would undertake a generic marketing program both nationally and internationally. A major reason for the price down turn was perceived to be the lack of TTO promotion.

**Issues**

- independent promotion requires funding. At the grower meetings there was a willingness to pay. ATTIA needs a collection method for gathering funds as a whole of industry exercise.

- mechanisms for support need to be developed between the Promotions Company, exporters, importers and manufacturers.

- a Professional marketer, independent of industry influences, needs to be appointed with adequate resources.

- consideration needs to be given for this entity to act as the IT centre.

- delineation of roles, responsibilities and accountabilities will need to be made between Promotions and ATTIA.

- the Marketing Plan proposed by the Promotion Vehicle needs inputs from the total industry.

- to create a consistent message a positioning of tea tree oil needs to be created and accepted by all exporters.

- development of an active web site is seen as a key connection to the international arena.

- driven by ATTIA, promotions represent total industry so a more expansive ATTIA membership is required.
## Strategies

- register ATTOPS as a wholly owned ATTIA subsidiary.
- appoint professional manager with suitable qualifications.
- locate office combined with ATTIA CEO on Gold Coast or Brisbane.
- appoint external directors as Board.
- integrate promotional plan.
- develop electronic promotional plan using e-mail and web site.
- integrate promotional plan with Industry Information and Communications System and ATTIA membership expansion.

## Outcomes

- Australian Tea Tree Oil positioned as the benchmark in international markets.
- market expansion at a rate, which evens out supply and demand.
- Australian Tea Tree Industry perceived to be a leading economic model for essential oils.
Key Result Area: Industry Information and Communication

Objective: To establish an ATTIA directed information system on all aspects of the industry from grower to consumer, which will assist orderly marketing and industry transparency.

Background: Historically the industry has had a high level of secrecy, rumour and mistrust. Control of information within the industry has been seen as giving power within the Australian industry and within the market place - this has caused significant division within the industry. A major contributing factor has been the lack of reliable information and data, which can be readily accessed by industry members.

Issues
- ATTIA has no tradition of data/information collecting and the information that exists is mostly in hard form “library.”
- There are no formal mechanisms for capturing, storing, analysing and reporting information and data. There are no computer systems or operators available for setting up and operating an IT system.
- Accurate International information and data is difficult to obtain and be verified.
- Farm costing systems are very varied and growers need inputs to make the data more accurate.
- R&D data is mostly available from RIRDC but is not friendly in a commercial sense.
- Development of website is seen as a tactic where “info is power” and the key to transparency and trust.
- Market confusion exists as to what is “Tea Tree Oil” and this affects positioning. An internationally recognised commercial system needs to be agreed upon by industry in order to create stability.
- Commercially sensitive information needs to be protected.
- A national and international promotion strategy for information and data needs to be developed.
- Opportunities exist for tea tree oil position enhancement through ATTIA being “the reliable source.”
- Transparency will result from all industry members having uniform information and data, which is regularly updated.
**Strategies**

- develop a shared electronic resource between ATTOPS and ATTIA for capturing, storing analysing and reporting information and data.

- define “Tea Tree Oil(s) “ as commercial standards and establish these as the web site source.

- establish formal linkages with international agencies for information and data.

- establish informal linkages with importers, manufacturers and retailers to gain market surveillance on trends and competitive activity.

- establish the electronic library as abstracts and reports which members may access on line.

- establish a commercially oriented R&D outcome centre, which may be accessed by ATTIA members.

- establish a grower oriented information system for growing, harvesting, distillation, handling and storage and budgeting/costing of production.

**Outcome**

- an industry that has factual data and information for decision making and marketing.
**Objective:** To continue a market oriented and least cost R&D program which will contribute to competitive advantage.

**Background:** Generally the R&D program has been well managed with growers appreciating the contribution made to both production and marketing. The industry audit indicated a desire to expand into agricultural and industrial products while maintaining cosmetic and pharmaceutical inputs. At the farm level the seed-breeding program is considered to be a major future contributor to least cost production and a five-year program proposal has been developed for continuation of past efforts.

The major problem is that there are insufficient industry funds to cover all bases. RIRDC is a strong supporter but needs matching funds.

**Issues**

- the tree breeding program is at risk due to lack of funds.
- extension of R&D into agricultural and industrial product areas will reduce inputs from the R&D but only a proportion contributes.
- commercial uptake of R&D has been relatively slow and has not generated sufficient funds from IP.
- no formal mechanisms have been developed to connect regulatory/advisory authorities to the R&D outcomes.
- the multi positioning of tea tree oil in the market makes it difficult for users to connect with R&D.
- there is wide industry support to maintain R&D activity and for levies to be collected.
- R&D is perceived to be the way to maintain competitive advantage and contribute to least cost production.
**Strategies**

- divide R&D projects into two categories:
  - farm production.
  - knowledge to meet a market need.

- provide market research and promote this to commercial entities for partnership research.

- finance farm production from R&D levies and RIRDC support.

- leverage levy funds with research institutes who have post graduate student grants.

- integrate R&D outcomes and reports with ATTIA information system.

- develop an R&D marketing plan to enhance awareness and interest in proven tea tree oil applications.

- develop R&D outcome package for regulators.

- wider spread of R&D to support market growth.

- wider acceptance of Tea Tree Oil by regulators and hence a reduction in market entry barriers.

**Outcomes**
Strategy Implementation

JULY 2001 - JUNE 2004
Roles and Responsibilities

ATTIA Board

The implementation of the Industry Development Plan will be directed by the ATTIA Board.

The Board will be responsible for:

- Facilitating but not participating in the Orderly Marketing – Orderly Supply Alliance between growers, grower/exporters and exporters.
- Establishing and adequately resourcing a permanent office for ATTIA and ATTOPS.
- Facilitating the connection between the market and R & D activities.
- Pro-actively facilitating connections with regulatory agencies and being recognised internationally as the Lead Industry Agency.
- Maintaining information and communication systems at national and international level.

The Board of ATTOPS will be responsible for:

- Development and implementation of the generic promotion program both nationally and internationally.
- In conjunction with ATTIA increasing membership through international promotion.
- In conjunction with ATTIA and RIRDC promoting the R & D strategies. Particularly at an international level.
- Ensuring sufficient funds are available and used cost effectively to ensure the promotion outcomes are achieved.

The Regional Supply Groups are commercial entities. They will support ATTIA in the areas of:

- collection of levies on the sale of oil.
- implementation of the Industry Training and Development Plan.
- supply of information and data on all areas of grower activity.
The Exporter Growers and Exporters are recognised as independent commercial enterprises. Within the context of the Industry Development Plan their roles are to:

- support ATTOPS in the generic marketing of tea tree oil.
- maintain Orderly Marketing strategies and through an Alliance assist in maintaining orderly supply.
- assist ATTIA by providing information and data on international market activities, trends and competitors.
- assist ATTIA maintain a market oriented R & D program.
- promote the Australian Tea Tree Oil market position in a cohesive manner.
STRUCTURE of THE PLAN

Part 1 - ATTIA Business Plan
Purpose
Key Result Area – Lead Industry Agency
  Marketing Objectives
  Functional Objectives
  Human Resource Objectives
  Finance Objectives
Key Result Area – Industry Strategy Owner
  Marketing Objectives
  Human Resource Objectives

Part 2 - Industry Development Plan
Purpose
Key Result Area - Creating Orderly Marketing
  Marketing Objectives
  Functional Area Objectives
  Finance Objectives
Key Result Area - Creating Orderly Supply
  Marketing Objectives
  Functional Area Objectives
  Human Resource Objectives
  Financial Objectives
Key Result Area - National and International
  Marketing Objectives
  Functional Area Objectives
  Human Resource Objectives
  Finance Objectives
Key Result Area - Industry Information and Communication Systems
  Key Information Inputs
  Strategies
Key Result Area - Research & Development
  Marketing Objectives
  Functional Areas Objectives
  Finance Objectives

Action Plan

Part 3 - Financial Plan
Assumptions
ATTIA - ATTOPS Budget
The Plan consists of two parts each having a number of goals, objectives and strategies for each key result area. Each goal area has been segmented into the areas of marketing, functional activities, human resources and finance.

As ATTIA is a voluntary organisation the level of delegation to a professional manager is expected to be relatively high. However the Directorate responsibilities in law cannot be delegated and hence some strategies are directed toward enhancing the skill and knowledge of Directors.

A major weakness of ATTIA has been that of having insufficient funds to meet the expectations of the industry. This issue is dealt with in the plan and for the first time extends the ATTIA membership boundaries into the international arena.
PART 1

ATTIA BUSINESS PLAN
This business plan relates to the key result areas of:

- **Lead Industry Agency** - a focal point for the industry to deal with government, regulatory agencies, R&D and communication
- **Industry Strategy Owner** - the industry leader and formulator of overall industry strategy

and has the purpose of showing how ATTIA will carry out a series of strategies to achieve results in these key areas.
Goal
To develop ATTIA as the Lead Agency representing both national and international stakeholders.

Objectives

Marketing
- To market the features and benefits of ATTIA at national and international levels and within 3 years achieve a total membership of 2500.
- To market the achievements of ATTIA, R&D outcomes to influence regulatory and government agencies.

Functional Areas
- To change the memorandum and articles to allow for Board continuity and equitable regional representation.
- To establish formal linkages with regulatory agencies and use these to facilitate market entry.
- To participate in the international essential oil arena presenting a professional industry profile and image to enhance the perception of Australian Tea tree Oil.
- To sponsor a biannual technical and marketing conference in Australia, Europe and USA.

Human Resources
- To establish a permanent ATTIA office with a professional manager and support staff.
- To develop the skills and knowledge of directors through training.
- To formulate and oversee the implementation of industry training plan designed to assist growers and improve skill and knowledge in industry operation.
Finance

➢ To achieve membership funding of $1,900,000/yr within three years.

➢ To achieve promotion funding from oil sale levies and logo use of $600,000/yr within three years.

➢ To achieve R&D funding from oil sale levies of $400,000/yr within three years.

➢ To achieve government and RIRDC support funds of $600,000/yr over three years.
Marketing Plan

Objective
To market the features and benefits of ATTIA at national and international levels and within three years achieve a total membership of 2500.

The Product
ATTIA features and benefits form the core product, which is to be marketed. “If I join ATTIA how will I benefit and is it worthwhile?’
In this context the product offering may vary in emphasis for the varied customer base - particularly since the aim is to increase the customer base. This will need to be refined by analysis of feedback on customer response.
The customer targets for membership and their perceived needs (Product) have been defined as:

<table>
<thead>
<tr>
<th>Target</th>
<th>Perceived Product (Need) Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers and Grower Exporters</td>
<td>Industry data and info</td>
</tr>
<tr>
<td></td>
<td>Marketing trends and prices</td>
</tr>
<tr>
<td></td>
<td>R&amp;D outcomes</td>
</tr>
<tr>
<td></td>
<td>Industry attitudes &amp; relationships</td>
</tr>
<tr>
<td></td>
<td>Competitor activity.</td>
</tr>
<tr>
<td>Exporter Traders</td>
<td>Reliable supply data/trend</td>
</tr>
<tr>
<td></td>
<td>Marketing trends &amp; prices</td>
</tr>
<tr>
<td></td>
<td>Competitor activity</td>
</tr>
<tr>
<td></td>
<td>R&amp;D outcomes</td>
</tr>
<tr>
<td>Importers/Distributors</td>
<td>Industry stability &amp; trends</td>
</tr>
<tr>
<td></td>
<td>Marketing trends &amp; prices</td>
</tr>
<tr>
<td></td>
<td>Competitor activity</td>
</tr>
<tr>
<td></td>
<td>Regulatory issues</td>
</tr>
<tr>
<td></td>
<td>Application R&amp;D technology</td>
</tr>
<tr>
<td>Manufacturers</td>
<td>Supply/price stability</td>
</tr>
<tr>
<td></td>
<td>Regulatory issues</td>
</tr>
<tr>
<td></td>
<td>Application R&amp;D/technology</td>
</tr>
<tr>
<td></td>
<td>Market trends</td>
</tr>
<tr>
<td></td>
<td>Promotion activity</td>
</tr>
<tr>
<td>Retailers</td>
<td>Consumer applications</td>
</tr>
<tr>
<td></td>
<td>Regulatory issues</td>
</tr>
<tr>
<td></td>
<td>Promotion activity</td>
</tr>
<tr>
<td></td>
<td>Future products</td>
</tr>
<tr>
<td>Industrial Users</td>
<td>R&amp;D outcomes</td>
</tr>
<tr>
<td></td>
<td>Application technology</td>
</tr>
<tr>
<td></td>
<td>Regulatory issues</td>
</tr>
<tr>
<td></td>
<td>Future products</td>
</tr>
<tr>
<td>Researchers</td>
<td>Future market needs</td>
</tr>
<tr>
<td></td>
<td>Regulatory issues</td>
</tr>
<tr>
<td></td>
<td>Application R&amp;D/technology</td>
</tr>
<tr>
<td>Natural Product Therapists</td>
<td>Application R&amp;D technology</td>
</tr>
<tr>
<td></td>
<td>Consumer applications</td>
</tr>
<tr>
<td></td>
<td>Promotion activity</td>
</tr>
<tr>
<td></td>
<td>Regulatory issues</td>
</tr>
</tbody>
</table>
The Place:

The points of sale will be the ATTIA web site and direct mail using an international database of current and potential demand chain members and research institutes.

The web site will also be used in conjunction with the ATTOPS promotion company.

Entry to the web site information will be at three levels of membership:

- Growers - complete entry to all levels.
- Grower - Exporters - staged entry depending on level of membership.
- Exporter traders - staged entry depending on level of membership.
- Associate Members - staged entry depending on level of membership.

Web site will also be sold for promotion of other members.

The Promotion

- To produce image cover for ATTIA that supports the use of the peak body as the authority in the industry. This will be created as a safety net for purchasers to deal with ATTIA members.

- To produce the code of conduct/protocols of the industry under the ATTIA banner and to transmit them to all parts of the global industry as the preferred business ethic. The protocols will indicate the approved methods of trade and be supported by the approved list of agents operating under the ATTIA banner.

- To establish a logo for the body that will continue to raise inquiry and to represent the values set up in the protocols of trade. To link usage of the logo with the membership classifications as shown in this report.

- To promote the web site of ATTIA and to run supporting media advertising that alerts potential users to the web site. This will be in international industry publications and in the business sections of major newspapers.
➢ To promote through the web site, by offering those making contact ways to link, the business opportunities that tea tree offers their particular business category. The web site will be updated every 7 days to keep interest alive. The information will be interactive so that responses and requests can be taken at the same time as the data is being given to the contacting person or business.

➢ To develop specific message promotion through the channels which are currently known to the industry. These will be a combination of direct mail and publication contacts. Where effective the use of support promotion at seminars and research conferences will be used to promote the use of tea tree and to invite membership to ATTIA.

➢ Internal promotion will be aimed at the grower market initially then the total membership as the numbers increase. The initial promotion will be based on the benefits of membership that are in addition to those that revolve around tea tree (discounts, information, seminars, travel, trade missions etc.).

➢ The internal marketing will be supported by the board and committee members who will be educated in the best methods for developing the industry from within. Internal marketing will recognise and reward growers who offer to share new ideas and inventions with the membership for the benefit of the industry.

➢ Promotion to Associate Members will be targeted at increasing their usage or purchases by offering specials and other bonuses not available on the open market. Associates will have access to data not openly available through traditional channels, giving them early market advantage on volume, price and invention.
The Price:

Pricing strategy for growers is aimed at achieving a high proportion of membership to assist in the Orderly Supply strategy. The enticement being that growers have access to all information to assist in their business decisions. For the life of this plan the membership fee is $250/yr. It is aimed to achieve 300 members by year 3 with earnings of $75,000/yr.

Grower – Exporters and Exporter Traders will have site access based on their level of membership. This consists of:

- Base level: $250/yr
- Level 2: $1000/yr
- Level 3: $1500/yr

It is expected that this will achieve earnings of $20,000/year.

Associate Membership is aimed at achieving 2180 members from national and international membership. The budget is based on the assumption that the promotion will achieve a membership mix of:

- Base Level: 800 @ $250 = $200,000
- Level 2: 800 @ $1000 = $800,000
- Level 3: 580 @ $1500 = $870,000

**TOTAL/ Yr** $1,870,000

Total fees/yr $1,965,000
Objective:

To market the achievements of ATTIA R&D outcomes to influence regulatory and government agencies.

The Product:

- This is an Awareness and Interest product having a core component of efficacy and safety. Enabling and enhancing product components are the fundamentals of “how it works” and application technology for “how it is used.”

- Regulatory and government agencies that may control or influence market entry or impose arbitrary barriers need to have up to date information for decision making. ATTIA needs to know and understand the protocols and decision processes of such agencies and mould the “product” to suit the need. In classical marketing terms it is “knowing what the customer wants and delivering in the way they want it.”

The Promotion:

- Catalogue and create a web library to enable the volume of research to be seen and to be available to the membership.

- Identify and promote a champion for the industry who has credibility and authority to speak on the industry’s behalf. This identity will be part of the icon set used to promote the industry. Published comment on the researched “efficacies” to be the identities key role, particularly in the newer markets.

- Devise a matrix of uses for the product that can be easily transmitted to potential markets and be seen on a daily basis by those likely to have needs for the product (mouse mats, ready reckoners, etc.).

- Prepare papers with recognised authors for transmission to the regulatory bodies and for handout at major seminars and conferences. The promotion of the product to be based in the principle of heightened awareness among those with the power to sanction the use of tea tree products in regulated markets.

- Regular and consistent promotion to the government bodies such as State Trade Offices, DPI and Foreign Trade to ensure that tea tree has an educated sub set of people who can promote the product at any given opportunity.
- Promotion to minor regulatory bodies where acceptance is more easily gained with the objective of building up momentum and being able to promote the minor acceptance as a major achievement on a global scale.

- Promotion to the government trade bodies on the export value of the tea tree crop and the position Australia holds as the majority provider. Promotion will be based on (a) expansion of markets through government promotion and (b) protection of the industry position by using the government agencies as a barrier to overseas competitors.

**The Place:**

Direct contact and relationship development with key decision-makers or influences in major market regulatory and government agencies.
Functional Areas

Objective:

To change the memorandum and articles of association to allow for Board continuity and equitable regional representation.

Strategies:

- Employ legal agency to upgrade the memorandum and articles of association to allow for Directors to rotate over a three-year period. This is aimed at creating Board stability and continuity of experience for strategy implementation. In any one year about 2/3rds of the Board would not need to stand for election. Directors who have to stand down may present themselves as a candidate.

- Create voting wards, which contain approximately equal numbers of grower members who can elect a Board member.

- Create a Board position for an electorate consisting of grower exporters and exporter traders. (these assume Associate members do not vote.)

- Create communication groups within each ward to assist in both reaching those who cannot access electronic media and obtaining direct feedback from growers on industry issues and supply forecasts.
Objective:

To establish formal linkages with regulatory agencies and use these to facilitate market entry.

Strategies:

- Develop a strong relationship with the Commonwealth Dept. of Trade and Industry, particularly with the Minister(s) and their advisers and use their offices as links to regulatory agencies.

- Establish direct contact with key decision-makers in all countries where tea tree oil is sold and where regulatory matters may act as trade barriers. Use these contacts to facilitate approvals/acceptance for the whole industry.

- Integrate this formal approach with the marketing strategies as a relationship development process.

- Establish a database which researchers, exporters and marketers may access - as ATTIA members - to define their approach for specific approvals. This would include contact details of key decision-makers.
**Objective:**

To participate in the international essential oil arena presenting a professional industry profile and image to enhance the perception of Australian Tea Tree Oil.

**Strategies:**

- Construct a database of producer associations, industry associations and societies dealing with essential oils.
- Establish lines of communication with database members and promote the web site to them.
- Obtain literature and study their promotional activities, product positioning, pricing and industry organisation as possible benchmarks.
- Use contacts to collect information and data on industry trends and connect these to industry information systems.
**Objective:**

To sponsor a biannual technical and marketing conference as a prestigious international event.

**Strategies:**

- Develop themes in conjunction with ATTOPS and promote to enlarge membership base.
- Use international guest speakers to create image and attract audience.
- Develop as a program integrated with tourism and seek national/regional tourism support.
- Connect to a major publishing house and have proceedings published and promoted as an international publication.
Human Resources

Objective

To establish a permanent ATTIA office having a professional manager and support staff.

Strategies:

- Obtain sufficient funds to operate the office for 2 years by way of industry contributions and government support. At the end of two years the office will be self-sustaining. (see Finance objectives)

- Define position requirements and employ an experienced person as manager.

- Establish the office in the Brisbane/Gold Coast region as a point of access and a shared operation with ATTOPS management.
Objective:
To develop the skills and knowledge of Directors through training.

Strategies:
- Define the requirements of the position and the training needs.
- Introduce basic skills training into electoral wards for communication, meeting procedures, group interactions.
- Access FarmBiz program for skill and knowledge development.
- Expose Directors to the operation of both business and not-for-profit Boards of Directors

Note: The objectives, content and learning outcomes are described in the Industry Training Plan.
**Objective:**

To formulate and oversee the implementation of an industry training plan designed to assist growers and improve skill and knowledge in industry operation.

**Strategies:**

- Obtain FarmBiz finance on a State by State basis.
- Define regional training providers and standardise content presentation and standards.
- Review effectiveness by way of survey and presenter feedback.
Finance

Objective:

To achieve membership funding of $1,750,000/yr within three years.

Strategies:

- Facilitate supply groups and ward electoral system set up.
- Use marketing plan content and direct contact on a grower to grower basis to increase grower membership.
- Promote ATTIA information and communication system features and benefits to exporter-growers and exporter traders.
- Borrow from industry members and obtain government funding to establish the content of features and benefits.
- Use the marketing plan to expand the membership base.
Objective:
To achieve promotion funding from oil sale levies of $600,000 ($1/kg/yr) and sponsorship within three years.

Strategies:

- Facilitate the formation of orderly supply groups and use the supply desks as collection points for promotion levies.
- Negotiate with grower/exporters for a promotion contribution.
- Negotiate co-sponsorship for international promotions with importers, manufacturers and retailers in conjunction with ATTOPS.
**Objective:**

To achieve R&D funding from oil sale levies and private investment of $400,000/yr within three years.

**Strategies:**

- Facilitate the formation of Orderly Supply groups and use these as revenue collection points.
- Promote specific research areas to interested parties who have a commercial reason to invest.
- Develop relationships with Universities who may have funds for post graduate studies and use their funds.
- Develop proposals to philanthropic organisations to support basic research.
Objective:

To achieve government and RIRDC support funds of $600,000/yr over three years.

Strategies:

- Collect R&D levies and commercial funds as matching monies for RIRDC achieving $400,000 in RIRDC funds.
- Establish ATTOPS as an EMDG eligible organisation and achieve rebates on international promotions.
- Apply for Rural Development funding.
- Apply for Qld and NSW government funding.
Goal
To manage the Industry Development Plan, monitor the effectiveness of the outcomes and promote the celebrations of success as milestones are reached.

Objectives

Marketing
- To reposition ATTIA as the centre of industry power through knowledge and rapid communication with members.
- To use the ward system as the core of direct and rapid communication with member growers to strengthen membership and the Orderly Supply KRA.
- To promote the effectiveness of the Industry Plan as a model for other emerging industries to emulate.

Human Resources
- To train ATTIA Directors and selected people in project management, human relations and project championing.
- To create an industry attitude of success through planned milestone celebrations and public recognition of individual and group successes.
Marketing

Objective
To reposition ATTIA as the centre of industry power through knowledge and rapid communication with members.

Strategies

➢ Train ATTIA Directors in “knowledge is power” and how to use power for position.

➢ Reinvent ATTIA by being pro-active in Board Decisions and communication of decisions.

➢ Use regional, national and international media as broadcasters of strategic news releases about ATTIA’s performance.

➢ Integrate above strategies with the Industry Development strategies.
**Objective**

To use the ward system as the core of direct and rapid communication with member growers to strengthen membership and the Orderly Supply KRA.

**Strategies**

- Structure subgroups within each ward and train subgroup leaders in two-way communication.
- Train Directors and future Directors in leadership.
- Connect to KRA - Information systems and promote use of Internet to growers.
- Create objective criteria and create inter-ward management competition.

**Note:** This connects to the ATTIA Key Result Area - Lead Industry Agency and is interdependent with this KRA.
**Objective**

To promote the effectiveness of the Industry Plan as a model for other emerging industries to emulate.

**Strategies**

- Create industry benchmarks and introduce best practice concepts from other industries (see section on Benchmarks)

- Develop the promotion package at the end of the three-year plan.
Human Resources

Objective
To train ATTIA Directors and selected people in Project Management human relations and project championing.

Strategies

Note: The content of training is described in the Industry Training Plan.

- Define a group of “future leaders” across the industry and offer participation in regional training.
- Develop objective measures for the effectiveness and application of training.
Objective
To create an industry attitude of success through planned milestone celebrations and public recognition of individual and group successes.

 Strategies

- Hold regional ATTIA Board meetings and incorporate a regional social interaction program as part of strategy reinforcement.
- Develop the “Gold Medal” for industry participation and contribution at regional and national level with parallel media releases.
- Use ATTIA newsletter and web site as points of celebration news.
- Extend the “Gold Medal” concept into the international arena awarding meritorious effort in marketing product development and presentation and R & D.

Note: This objective connects to the internal marketing strategies of ATTOPS.
PART 2

Industry Development Plan
Purpose

The Purpose of this part of the Business Plan is to describe the goals and objectives and strategies, which ATTIA will manage for the Key Result areas of:

⇒ Orderly Marketing
⇒ Orderly Supply
⇒ National and International Promotions
⇒ Industry Information and Communication Systems
⇒ Research and Development

and the overall financial plan including assumptions and budget projections for ATTIA and ATTOPS.
Key Result Area  Creating Orderly Marketing

Goal:
To create an orderly marketing system, which will allow competitive sales to occur in price and definition bands, which are profitable for all participants in the demand chain.

Objectives:

Marketing

To market the definition bands to the international community as the Australian generic product definitions.

Functional Areas

➢ To facilitate an ongoing alliance forum between exporters, exporter/growers and growers as a means of connecting supply and demand forecasts and information.

➢ To develop an Industry Code of Ethics for Exporters, Exporter/Growers and Grower groups to assist in the development of a sense of industry responsibility.

Finance

The budget for this KRA is within the overall ATTIA and ATTOPS budget.
**Marketing**

**Objective:**

To market the definition bands to the international community as the Australian generic product definitions.

**Strategies**

- Define tea tree oil value proposition in terms of colour, cineol and terpinen-4-ol according to the matrix.

<table>
<thead>
<tr>
<th>Cineol %</th>
<th>Terpinen-4-ol %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>High</td>
</tr>
<tr>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

- Promote this as the Australian generic product definition using the web site, and in ATTOPS publications and promotions.

**Rationale**

- tea tree oil is currently purchased on cineol levels.

- indicative research suggests that cineol may have a major contribution to biological activity in antifungal and insecticidal applications.

- growers can make choices for selection on yield x composition.

- supports existing exporter strategies for differentiation.
Functional Areas

Objective:
To facilitate an ongoing alliance forum between exporters. Exporter/growers and growers as a means of connecting supply and demand forecasts and information.

Strategies

- Establish acceptance of ATTIA as the lead agency in bringing the interested parties together.
- Integrate forum inputs and outputs with ATTIA information systems.
- Sponsor non-industry people/other industry representatives as speakers to broaden industry horizons.
- Integrate R&D outcomes with forum agenda – including R&D marketing plan,
- Integrate ATTOPS activities with trends and directions and as one point of promotion effectiveness measurement.
- Develop and implement and exporter/grower reporting system using an anonymous report form.
Objective

To develop an Industry Code of Ethics for Exporters, Exporter/Growers and Groups to assist in the development of a sense of industry responsibility.

Strategies

- Circulate the draft Industry Code of ethics to Exporters, Exporter/Growers and Growers for comment.
- Integrate comments and finalise Industry Code.
- Integrate signing of industry code as an annual part of ATTIA membership.
- Promote the Industry Code as an important part of the industry economic profile for the international community.
Key Result Area: Creating Orderly Supply

Goal:
To establish regional supply groups, each of which has a single supply desk to deal with exporters or which may conduct direct trade in the international markets.

Objectives

Marketing

To develop and present a marketing package for use by ATTIA Directors to facilitate the formation of supply groups.

Functional Areas:

- To establish uniform generic definitions for types of tea tree oil and recommend farm gate prices within ACCC guidelines.
- To assist supply groups develop a uniform system for forecasting supply, plantings, trends and feed information and data into the ATTIA Info system.
- To facilitate a commercial alliance between regional groups and acceptance of uniform product and pricing standards.

Human Resources

- To facilitate the training of regional group members in group behaviour, codes of conduct and business activities including methods of costing.
- To facilitate leadership training for selected people in each region.

Finance:

To facilitate the financial systems for collecting marketing and R&D levies.

Note: This connects directly to an ATTIA financial objective.
Marketing

Objective: To develop and present a marketing package for use by ATTIA Directors to facilitate the formation of supply groups.

The Package:

- Historical Industry Development
  - move from small farms and bush cutting to large farms and plantations.
  - increase in supply was initially matched by promotion, particularly AUSTTEAM, Main Camp and a few Exporters.
  - sudden surge in supply from both tax driven projects and smaller growers was not matched by promotion or new product development.
  - lack of acceptance or inadequate presentation to regulatory agencies has continued as trade barriers.
  - lack of market information for decision making contributed to oversupply.
  - competition between exporters led to dramatic price falls.
  - industry now at a point of developing orderly supply and marketing supported by information systems, promotion and R&D.

- Developments in Market Expansion
  - less focus on pharmaceutical sector.
  - increased R&D on industrial and agricultural products creating new market opportunities.
  - increased interest by multinationals in both tea tree oil and components of tea tree oil in industrial and cosmeceutical applications.
  - international generic promotion aimed at stimulating consumer demand in existing and new markets.

- Features and Benefits
  - provides a single regional desk for negotiations with exporters/traders.
  - provides opportunity for pooling and blending to customer spec as a value adding process.
  - increases information available to growers on prices, trends and markets.
  - reduces grower to grower competition as price reducing forces
  - allows growers to make factual forecast-based business decisions.
- provides a means of inter-region communication for comparisons of prices and trends.
- strengthens the whole community and protects smaller growers.

**The Presentation**

- invite all known growers in the area to a public forum - preferably barbecue.
- present the historic position and future projections for the industry.
- present the features and benefits package.
- open forum for discussion as either an open session or the use of break out groups.
- write the main points on whiteboard/paper so they are not lost.
- summarise the meeting.
- call for participants.
- elect a steering committee.
- present the ongoing commitment of ATTIA and assistance being developed for group training and implementation of the Industry Development Plan.
- close meeting and while social activities are proceeding present the Steering Committee with the ATTIA Guidelines for Group Steering Committees.
ATTIA Guidelines for Group Steering Committee

These are general guidelines, which may need to be adapted for local application.

Role of the Steering Committee

The role of the Steering Committee will be to formulate recommendations.

- the group business structure eg. Co-op, Company limited by guarantee etc
- how members will be represented at the board.
- how contractual arrangements with exporters will be put in place.
- how supply will be coordinated and orders handled.
- how information and data will be collected and provided to ATTIA.
- implementation of the ATTIA training program.
- the relationship (alliance) of this group with other supply groups.
- how the group will market itself to growers who are reluctant to join.

and report these back to an ATTIA facilitated meeting of interested members.
Functional Areas

Objective:
To establish uniform generic definitions for types of tea tree oil (within ISO standard) and recommended farm gate prices within ACCC guidelines.

Strategies

- Gain grower acceptance to the generic tea tree oil type x price matrix:

<table>
<thead>
<tr>
<th>Cineol %</th>
<th>Terpinen- 4- ol %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>High</td>
</tr>
<tr>
<td>High</td>
<td></td>
</tr>
</tbody>
</table>

- establish a twice year negotiated position with exporters on the recommended price x oil type.
- establish a linkage with ATTIA information system for regular updating of pricing data.
- link generic definition to ATTOPs promotion program.
**Objective**

To assist groups develop a uniform system for forecasting supply, planting, and trends and feed such data and information into the ATTIA Info System.

**Strategies**

- obtain general grower acceptance to provide regional group management with individual farm data and information.

- develop a method for non-group member growers to provide ATTIA with similar.

- use the ATTIA info system to provide feedback on regional data, trends and activities through the newsletter and ATTIA web site.

- develop a follow up procedure with sub groups to ensure complete co-operation through peer pressure.

- facilitate regular regional meetings incorporating where possible ATTIA Board meetings as planned information exchange and social interaction activities.
Objective

To facilitate a commercial alliance between regional groups and acceptance of uniform product and pricing standards.

Strategies

- facilitate a forum where regional groups can develop the structure for a commercial alliance.
- provide post forum support for alliance formation.
- facilitate initial linkage of the supply alliance with the marketing alliance.
Human Resources

Objective

To facilitate the training of regional group members in group behaviour, codes of conduct and business activities including methods of costing.

Strategies

➢ obtain collective funding through ATTIA driven applications for government.

➢ using the Industry Plan, seek external support to deliver the training modules.

➢ use group meetings as methods of reinforcing learning.

➢ develop regional group activities, which facilitate the exchange of knowledge through shared experience.

➢ facilitate the introduction of external speakers to share knowledge on marketing, production and business development.
Objective

To facilitate leadership training for selected people in each region.

Strategies

- **establish a list of willing potential leaders in each region.**
- obtain funding as part of the Industry Training Plan.
- appoint external trainers who have experience with rural groups.
- implement training program.
- develop a series of relevant regional projects or “challenges” where leadership skills may be further developed for the selected people.
- implement a six-month review program to assess effectiveness and make further inputs is required.
Finance

Objective

To facilitate financial systems for collecting marketing and R&D levies.

Strategies

- facilitate the development of a uniform collection policy across all groups.
- assist where necessary the set up of a group financial system and financial reporting.
Goal
To establish and independent Promotions Company to promote tea tree oil at national and international levels in order to enhance orderly marketing.

Objectives

Marketing

➢ To increase market penetration by 5% per year in existing markets and new segments in existing markets.

➢ To facilitate the flow of information and R&D to regulatory agencies and assist in gaining approvals.

➢ To conduct ongoing market research in order to focus promotional activities

Functional Areas

➢ To establish an Independent Board to Direct the ATTOPS Plan.

➢ To establish a Gold Coast/Brisbane office in association with the ATTIA office.

Human Resources

➢ To appoint an experienced manager and support staff to implement the promotions plan.

Finance

➢ To license the use of the Industry Logo to national and international members

➢ To manage industry levy finance for promotion.

➢ To obtain finance and in kind support for co-promotions at international events.
Marketing

Objective:
To increase market penetration by 5% per year in existing markets and enter new markets and new segments in existing markets.

Strategies

➢ To create and deliver the prime values of the Tea Tree product to existing and potential customer universe as a marketing package.

➢ To develop recognisable value sets for the Australian Industry and to deliver these icons through all supply lines into and out of Australia.

➢ To identify and target new and emerging markets for Tea Tree oil and to ensure that the Australian suppliers have first opportunity at these markets.

➢ To communicate the stability, quality and consistency of the supplies from Australia and to reinforce these key elements.

➢ To advertise and promote the scale of specification of Tea Tree oils available from Australia and to differentiate their uses in specific products and markets.

➢ To use the ATTIA database of members to promote R&D outcomes to potential users.

➢ To identify specific industrial and agricultural markets and develop/deliver segment specific promotional packages.

➢ To co-ordinate industry promotions with the activities of exporter/growers, exporters and producers of tea tree products.

➢ To register ATTOPS as an EMDG accredited company to assist in recovery of promotion costs.

Setup and Familiarisation

Phase one of the promotional activity will be familiarisation with the ATTIA objectives and liaison with local bodies and agents. Current business and the condition of the market as they perceive it to be will be factored into the strategies for promotion. The familiarisation will include time with the board, time with members and briefings on the marketing activity undertaken to date and the products history and current standings.
Once this familiarisation is complete the promotional plans will be drawn and the key elements of the strategies will be broadened to ensure that the targeting of the research and the developing of promotions are in line with the intent of the ATTOPS objectives.

The setup activity will begin to establish the categories of data available, the data needed to continue the promotional project and the computer hardware and software required to manage the information and subsequently the promotions. Once this is complete the staffing for the project will be determined and recruitment will take place.

**Identification of Resources Required.**

Following the set up process the resources for the project will be established. The communication channels will need to be both efficient and immediate, and the controls over data flow specified. Given the spread of members the promotions team will need to be mobile and attentive to the needs of the membership as well as the target markets.

⇒ Key resources for ATTOPS include:

**People**

- Executive Officer
- Project Researcher
- Administrative Assistance.

**Equipment**

- Base Computer Facility
- Portable Computer Facility
- Presentation Equipment
- Scheduler and Project Management Software
- Scanner/Copier
- E-mail, Fax, Internet access

**Ancillary**

- Existing Contact Lists
- Current Market Data
- Production Estimates
- Government contacts
- Customer Listings
- Seasonal Information
- ATTIA objectives and values.
**Objective**

To facilitate the flow of information and R&D to regulatory agencies and assist in gaining approvals.

**Note:** This objective overlaps an ATTIA responsibility for the peak industry agency to regulatory agency interaction.

**Strategies**

- To coordinate with ATTIA on the development of the regulatory agency database.
- To target specific individuals in each agency for relationship development.
- To coordinate with ATTIA on the R&D outcomes and promote these outcomes to key decision-makers and influencers.
- To develop a feedback mechanism on proposed legislative changes in order to prepare lobbying or contra activities.

**Objective**

To conduct ongoing market research in order to focus promotional activities.

**Domestic and Global Research**

The establishment of a sustainable promotional direction for the industry relies heavily on the understanding of the industry, the market place and the customer profiles. To achieve the sustainable position, all aspects of the market need to be reviewed through research at all levels. ATTIA focus has to date been primarily a production operation relying heavily on agents to move production through to the market place. Current and comprehensive data on the market and experience in deliver of promotional strategy will be required to reform the preferred position. Research in both domestic and international forums must be conducted before any strategic map is drawn.

The key focus for ATTOPS in research will be new and expanding markets where the potential for the usage of Tea Tree products is far from mature and open to well conceived strategic marketing alliances. The markets targeted for the research are initially those that currently rank, in available industry data, as the largest consumers of Tea Tree Oil. These markets will be researched sooner rather than later to ensure the promotions are built on knowledge rather than perception.
**Domestic and Global Strategy Development.**

On completion of the major round of research, outcomes and forecasts the ATTOPS team will present a series of strategic industry conferences to develop and confirm the direction for the promotions. The strategy development process will first review the strategies of the project, then analyse the outcomes and forecasts before determining the next round of research or the commencement of promotional planning.

The conference outcomes will determine the next phase for the project and identify the promotional focus for the next 3 years.

**Marketing the Promotion Program**

The establishment of the strategies and directions through the conferences will require communication to the members in the most positive manner. The ATTOPS team will develop presentations to the members through brochures, Internet and e-mail, radio and television interviews and other local means. The purpose will be threefold:

- To encourage continued participation by the current active members
- To encourage non-active members to rejoin the active ranks
- To interest and attract new members to join ATTIA

Once the internal marketing is established, the program will be developed as an ongoing part of the ATTIA offer to members particularly as international membership is pursued.

The strategic direction from the conferences will provide two levels of activity for the industry-marketing project:

- The direction and target markets that are to be pursued and the style and value of the promotion to be used.
- The promotion that is needed to ensure the strategic promotion is based on up-to-date statistics and both current and future market needs.

The ATTOPS team will determine the customer/end-user/new market targets to be created and develop the programs and media to deliver the opportunity to the industry.
Implementation Program Development

The final part of this promotions strategy, will be the implementation development plan. This plan is the activity schedule to ensure that the work is done on time and is up to date with the needs of the market place. This is ATTOPS key role and will be the measurement that most members will use to judge the effects of the promotions.

The KPI for the plan will include:

- Strategic Promotional Plans
- Business Liaison
- Budget and Forecast Management
- Reporting Procedures
- Production Management
- Media Management
- Internal Marketing
- Exporting and Government promotion
Functional Areas

Objective
To establish an independent Board to Direct the ATTOPS Plan.

Process

- The Board is designed to consist of two ATTIA Directors and two or three external Directors. It would be expected that the external Directors would be paid positions. They would meet approximately every two months.

- External Directors would of necessity have experience in international marketing although not necessarily in essential oils. There would be some advantage in having the exporter, grower/exporter group represented.
**Objective**

To establish a Gold Coast/Brisbane Office in association with the ATTIA Office.

**Process**

**Note:** See ATTIA Business Plan.

It is considered important that the office have a profile of being independent of regional influence and at the same time be attractive to those being employed.
**Human Resources**

**Objectives**
- To appoint an experienced manager and support staff to implement the promotions plan.

**Strategies**
- Collect sufficient promotion levy funds to support the position.
- Define the position description and skill requirements.
- Appoint selection agency and provide detailed brief.
- Interview short list against criteria.
- Negotiate package with successful applicant.

**Finance**

There are 3 objectives in the finance area of promotions. These are also shown in the ATTIA Budget together with the underlying assumptions. However these may change, as the promotion plan is refined.

**Budgetary Guidelines.**

The brief for ATTOPS will specify an allocated budget from levies on sales of tea tree oil. These will be applied to the marketing of Australian Tea Tree Oil over a 12-month period. The budget will be broken into cost factors and specific objectives set for the use of the funds in the promotional vehicle.

The guidelines cover the following Terms of Reference (TOR) and the budgetary calculations also follow these elements.

- Setup and Familiarisation
- Identification of Required Resources
- Application of the Resources
- Domestic Research and Market Analysis
- Global Research and Market Analysis
- Specified Outcomes and Forecasts
- Internal Marketing Establishment
- Industry Marketing Establishment
- Implementation Program Development

The ATTOPS promotional program will cover all aspects of the role such as, research documents, travel and accommodation, printing and production of active marketing documents, labour, for the implementation of proposals and strategies into the wider markets administration and web site operation.
Process.

The budget will be allocated against a project schedule that will apply the funding against specified timelines and reporting milestones. This project requires a level of offshore research and customer contact that will require the funding allocation to be activity based rather than on a time-period basis. All of the budgetary allocations to activities will be indicated in the project schedule and funding will be drawn accordingly. All activities will be fully reported and quantified against the strategies and will be aligned to ATTIA objectives. It is anticipated that the larger part of the funding will be for target market promotions after the research for the project is completed.
Goal
To establish an ATTIA directed information system on all aspects of the industry from grower to consumer which will assist orderly marketing and industry transparency.

Key information Inputs

✓ Historic Library information
✓ Historic R&D references
✓ Historic production/price
✓ Plantings and production
✓ Oil exports and destination
✓ Application in products
✓ Support formulation technology
✓ Competitor activities and trends
✓ Market trends
✓ Grower information
✓ Regulatory authorities and protocols
✓ Research agencies and contacts
✓ Commercial entities

Strategies

➢ Develop a shared electronic resource between ATTOPS and ATTIA for capturing, storing analysing and reporting information and data.

➢ Define “Tea Tree Oil(s) “ as commercial standards and establish these as the web site source.

➢ Establish formal linkages with international agencies for information and data.

➢ Establish informal linkages with importers, manufacturers and retailers to gain market surveillance on trends and competitive activity.

➢ Establish the electronic library as abstracts and reports which members may access on line.

➢ Establish a commercially oriented information system for growing, harvesting, distillation, handling and storage and budgetting/costing of production.
Outcome

An industry that has factual data and information for decision making and marketing.

System Requirements

⇒ Establish databases for the various functional areas described in the Industry Development Plan.

⇒ Integrate this database into the existing web site in cooperation with the webmaster and ISP.

**Note:** It is strongly recommended that Telstra Big Pond be used as the ISP as they have capacity and international recognition. They also provide training in rural areas. ATTIA could facilitate the bulk purchase of computers for grower use and back this up with Telstra training. A well-known available computer supplier eg Tandy/Dick Smith should be selected.

Web Site Accessibility and Support

⇒ Online/telephone support at critical times will be necessary within Australia.

⇒ Accessibility will be by way of pin numbers to allow for reach of various levels of information and data.
Goal

ToObject continue a market oriented and least cost R&D program, which will contribute to competitive advantage.

Marketing

Objective

➢ To promote the outcomes of R&D to commercial and regulatory agencies in order to increase the rate of update and obtain approvals.

➢ To promote the farm production outcomes to the grower community to increase the uptake of R&D outcomes and reduce on farm costs.

➢ To promote potential opportunities for commercial organisations to participate in R&D as a means of expanding tea tree oil usage.

Functional Areas

Objectives

➢ To negotiate with RIRDC on policy changes relating to the inclusion of tea tree oil in other products.

➢ To promote project areas for post graduate studies in tea tree oil applications with national and international Universities.

➢ To redefine the tea tree-breeding program in terms of tea tree oil market positioning and definition.

Finance

➢ To increase available funds to $400,000/yr and match these with RIRDC funds.

➢ To attract commercial funds to support specific projects by way of tender and the use of RIRDC matching funds.
Marketing

Objective
To promote the outcomes of R&D to commercial and regulatory agencies in order to increase the rate of uptake and obtain approvals.

Strategies
- Develop a database of operating and potential commercial companies who use/may use tea tree oil within the ATTIA/ATTOPS information system.
- Establish contact persons within each entity and promote web site, ATTIA membership to them.
- Develop a routine contact program (eg quarterly) by e-mail/fax or direct contact.
- Facilitate R&D network between researchers – national and international.
- Develop a database of regulatory agencies and protocols.
- Develop a routine contact program by e-mail/fax or direct contact.
- Create an International tea tree oil R & D “club” as a research promotional vehicle.
Objective

To promote the farm production outcomes to the grower community to increase the uptake of R&D outcomes.

Strategies

- Educate growers in farm costing systems and principles of competitive position through least cost production (see Industry Training Plan.)

- Promote through ATTIA newsletter using both “experts” and growers who influence opinions and attitudes.

- Integrate farm R&D with the marketing alliance through representation by researchers at alliance meetings.
Objective

To promote potential opportunities for commercial organisations to participate in R & D as means of expanding tea tree oil use.

Strategies

- Define specific areas for product development and align these with large corporations who are active in these particular areas.
- Develop a promotion package for enticing commercial companies into JV R & D projects.
- Find a company “champion” and develop a relationship between ATTIA - company and other researchers.
Functional Areas

Objective

To negotiate with RIRDC on policy changes relating to the inclusions of tea tree oil in other products.

Strategies

Note: This connects to an ATTIA Key Result Area and strategies for this may be found there.
Objective

To promote project areas for post graduate studies in tea tree oil application with national and international Universities.

Strategies

- Develop databases of Universities or like facilities who are engaged in natural product R & D.
- Develop promotional package having defined areas of R & D, which can contribute to increasing knowledge on safety, efficacy and commercial applications of tea tree oil.
- Establish relationships with specific researchers who administer postgraduate programs.
- Facilitate relationships between existing researchers and postgraduate student as part of the “club.”
Objective

To redefine the tree breeding program in terms of tea tree oil market positioning and definition.

Process

The tree-breeding program has been directed at increasing yields using chemotypes relatively low in cineol and high in terpinen-4-ol. There may well be room to include high yielding varieties having moderate levels of cineol. A commercial model needs to be developed from existing knowledge. This would include cost effectiveness at farm level and marketability of the oil.
Finance

Objective

To increase available funds to $400,000/yr and match these with RIRDC funds.

Strategies

- Negotiate with exporter/growers who have their own R & D program with respect to their contribution from oil sales.
- Establish collection procedures with the supply desks.
- Establish collection procedures for non-aligned producers.
- Use the internal marketing plan of ATTOPS to sell the features and benefits of R & D to the unconverted.

Note: This connects to the Orderly Supply Key Result Area
Objective

To attract commercial funds to support specific projects by way of tender and the use of RIRDC matching funds.

Strategies

- Set target of $200,000/yr by year 3.
- Use R & D marketing plan as the means of achieving targets.
- Publicise commercial inputs and R & D outcomes using ATTOPS.
**Financial Plan**

Financing Industry Development will require a considerable initial input by ATTIA Directors and government. Sufficient seed funds will be necessary to start plan implementation and obtaining these will be ATTIA’s foremost priority.

Assumptions have been made about revenue and expenditure. Key factors will be increasing the membership and collecting the levies.
**Assumptions**

**REVENUE STREAMS**

**Grower Fees**
Assumed increase of 150 to 300 members over 3 years @$250/yr.

**Associate Fees**
These occur in each year but are low in year 1 due to the delay in getting the international membership package market ready.

**Level 2 & 3 Fees**
The ATTIA pricing budget assumes that by year 3 there will be 800 associate members. The ramping proportions were allocated at 15% year 1, 35% tear 2 and 50% tear 3.

This is assumed to be used only by exporters, exporter/growers (≥ .20) and some international associate members in year 1. In year 2 the trend is assumed that 50% of associate members (400) and all level 2 and 3 members (1380) would take up logo use by year 3. The annual license fee is $150/user.

**Web Site Fees**
Space will be auctioned to commercial entities for their logo and web site and for site listing in various pages. The revenue is zero in Year 1 increasing to $50,000/yr in Year 3.

**Co Promotions**
ATTOPS will carry out co-promotions with companies who use tea tree oil and obtain revenues. These are set notionally at $50,000/yr.

Under orderly supply levies will be collected for promotions and R & D. Promotion levies will be an add on cost while R & D will be an absorbed cost. Grower-Exporters are a point of negotiation as they undertake their own promotion and R & D and for budget purposes their industry contribution has been arbitrarily set at 30% of grower levies. The value is estimated at 350,000 kgs @$0.3/kg ($98,100/yr). Total levies are based on production of 600 tonne year 1, 900 tonne year 2, 1000 tonne year 3, giving $348,000, $648,000 and $748,000 in year 3. These are split 50:50 for R & D and promotion.

This is based on $ for $ funding against levies. It does not include commercial strategies in R & D.
Conferences

There is an assumption that a major conference will be held in year 2 and will attract national and international interest with 250 participants @ $500.

Grants

It is assumed that a number of industry development and training funds will be accessed at Commonwealth and State levels.

EMDG

This is dependent upon gaining EMDG status and one-third export market development costs are reclaimed. This is based on all of ATTOPS costs and 5% of ATTIA costs.

EXPENDITURE – ATTIA

Administration

This includes all general costs for operating the ATTIA office estimated at 15% budget revenue year 1 and 10% years 2 & 3.

Wages and Salaries

1 CEO @ 100,000 = 30%
1 support staff $35,000 = 30% with less than full first year.

Rentals and Leases

Notional floor rental $20,000/yr
Office equipment $500/yr

Training and Development

Budgetted on 95% of farm Biz program funding (NSW/Qld Govt.) $150,000 year, %50,000 year 2, $25,000 year 3.

Travel

Assumes 1 international visit/yr and regional visits bi-monthly.

Conferences

Assumes cost is 90% of revenue.

Publications

Allows $25,000/yr

Includes cost of setting up databases and site in year 1 and part of year, multilingual pages year 2 and 3 and site operating cost.

EQUATES to 95% of levies and RIRDC funds with 5% admin. Costs.
**EXPENDITURE - ATTOPS**

**Administration** - assumptions as per ATTIA

**Wages and Salaries**

<table>
<thead>
<tr>
<th>Role</th>
<th>Salary</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 CEO</td>
<td>$100,000</td>
<td>30%</td>
</tr>
<tr>
<td>1 support staff</td>
<td>$35,000</td>
<td>30%</td>
</tr>
<tr>
<td>1 researcher</td>
<td>$35,000</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Rentals and Leases**

- Office and equipment - $20,000/yr

**Promotions**

These are based on the funding levies and promotion streams.

**Research**

This is partly included in travel but mainly relates to data acquisition and external support.

**Travel**

ATTOPS is treated as being closely connected to the international arena and the budget allows 3 visits per year.
## THE ATTIA - ATTOPS BUDGET - 3 YEAR PLAN

<table>
<thead>
<tr>
<th>YEAR</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE $,000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growers</td>
<td>37.5</td>
<td>62.5</td>
<td>75</td>
</tr>
<tr>
<td>Associate</td>
<td>50</td>
<td>125</td>
<td>200</td>
</tr>
<tr>
<td>Level 2</td>
<td>30</td>
<td>400</td>
<td>800</td>
</tr>
<tr>
<td>Level 3</td>
<td>130.5</td>
<td>435</td>
<td>870</td>
</tr>
<tr>
<td>Logo</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National</td>
<td>3</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>International</td>
<td>31</td>
<td>133.5</td>
<td>207</td>
</tr>
<tr>
<td>Web Site</td>
<td>0</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>Co-Promotions</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Levies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td>174</td>
<td>324</td>
<td>374</td>
</tr>
<tr>
<td>Promotion</td>
<td>174</td>
<td>324</td>
<td>374</td>
</tr>
<tr>
<td>RIRDC</td>
<td>174</td>
<td>324</td>
<td>374</td>
</tr>
<tr>
<td>Advertising</td>
<td>5</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Conference</td>
<td>0</td>
<td>125</td>
<td>0</td>
</tr>
<tr>
<td>Grants</td>
<td>250</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>EMDG</td>
<td>90</td>
<td>140</td>
<td>140</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1199</td>
<td>2578</td>
<td>3579</td>
</tr>
</tbody>
</table>

## EXPENDITURE

### ATTIA

<table>
<thead>
<tr>
<th>Item</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>88</td>
<td>130</td>
<td>180</td>
</tr>
<tr>
<td>Wages &amp; salaries</td>
<td>100</td>
<td>176</td>
<td>176</td>
</tr>
<tr>
<td>Rentals &amp; leases</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>150</td>
<td>50</td>
<td>25</td>
</tr>
<tr>
<td>Travel</td>
<td>20</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Conference</td>
<td>0</td>
<td>112.5</td>
<td>0</td>
</tr>
<tr>
<td>Publication</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Web Site</td>
<td>35</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>R &amp; D</td>
<td>300</td>
<td>715</td>
<td>1000</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>738</td>
<td>1273.5</td>
<td>1466</td>
</tr>
<tr>
<td>Service</td>
<td>Year 1</td>
<td>Year 2</td>
<td>Year 3</td>
</tr>
<tr>
<td>---------------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Administration</td>
<td>88</td>
<td>130</td>
<td>180</td>
</tr>
<tr>
<td>Wages &amp; salaries</td>
<td>110</td>
<td>221</td>
<td>221</td>
</tr>
<tr>
<td>Rentals &amp; leases</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Promotions</td>
<td>124</td>
<td>574</td>
<td>850</td>
</tr>
<tr>
<td>Publications</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Research</td>
<td>10</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Travel</td>
<td>35</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>412</strong></td>
<td><strong>1055</strong></td>
<td><strong>1381</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1150</strong></td>
<td><strong>2328.5</strong></td>
<td><strong>2847</strong></td>
</tr>
<tr>
<td>Profit /Loss</td>
<td>49</td>
<td>249.5</td>
<td>732</td>
</tr>
</tbody>
</table>
While the Industry Development Plan spans 10 years and outcomes are described in the Vision and Key Result Areas the Activity x Time Line illustrated below only cover the 3 years of the business plan.