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Benchmarking the key to olive success

Olive growers who want to quantify how much it actually costs them to produce a tonne of olives or litre of olive oil have the chance to be part of a new benchmarking project, at no cost. This project will allow growers to understand the strengths and weaknesses of their business.

RM Consulting Group (RMCG) has been appointed to run the project *Australian olive industry benchmarking 2017 (OL16001)* – a strategic levy investment under the Hort Innovation Olive Fund – and will use a combination of two years of physical information and financial data from participating growers to measure the performance of individuals (confidentially) and the industry as a whole.

RMCG's Luke Rolley said too often, reports show that growers are travelling well in their production of olives, when their business as a whole may be going backwards.

"Currently 30 per cent of the planted area is producing 90% of the oil in Australia, which means that the remaining 70 per cent of olive trees are underperforming," Mr Rolley said.

"We need to inform growers about the level of production that can be achieved in those underperforming

groves, and understand the 'knowledge gaps' that prevent growers from achieving higher productivity."

"Growers need the tools to anticipate problems, and a list of key performance indicators (KPIs) so that they know specific actions to improve their performance."

The project is funded by Hort Innovation using the olive research and development levy and Australian Government contributions, so there is no cost to participants. The findings will be linked to other industry projects and provide data to help focus investment activities.

Mr Rolley said that benchmarks are critical to the planning processes that build a viable, sustainable business.

"Used in planning, benchmarks can help gauge how your business compares to other growers, and determine the impact of making changes to your business, such as additional plantings, bringing another partner in or developing a new product line, for instance," he said.

RMCG will use the 'BizCheck' method developed from economic and financial farm surveys carried out in other agricultural and horticultural industries. BizCheck has been used to provide performance indicators for the citrus, dried grapes, wine grapes, apple, pear and stone fruit industries.

Mr Rolley said most of the data that is needed from participating growers is already available in their completed tax return. Additional information may include:

- Production practices, such as fertiliser inputs, pest and disease control, irrigation inputs and rainfall, varieties planted, climate data such as rainfall and frost severity and frequency, access to processing facilities and harvesting machines
- Whether the business has a food safety program or a point of difference in the marketplace, such as organic, infused product, tourist destination etc.

"Measuring cost of production is not always straightforward in olives, as most costs can be spread over a range of varieties that the business produces, but we can allocate different cost inputs by variety to give a consistent comparison," Mr Rolley said.

"Based on findings from other benchmarking programs, we think the industry needs to consider opportunities to increase the skills and technology required to reduce labour costs and overhead costs, encourage economies of scale where profitable, and plan to market a larger crop as more trees come into production."

Participating growers will be given a two-page report summarising their benchmarks, and an aggregated summary of the findings will be disseminated to the wider olive industry.

See page 4 for details on how to register for the Benchmarking Project.



Australian olive industry benchmarking program (OL16001) is a new project that will ensure Australian olive growers have easy access to clear, relevant industry benchmarking information around productivity, quality and profitability.

This information will assist new and experienced growers to assess the performance of their orchards and businesses against the wider industry, and identify areas for action and improvement.

