

Success Stories: Ideas for Potential Players

MF Manufacturing



Sales / Services

Balco Australia Pty. Ltd.

Major Australian Feed Exporter Wins Sales Success with Quality



Balco maintains its headquarters in the town of Balaklava in the state of South Australia.

Balco processes and exports high-quality hay and cereals from South Australia to markets mainly in Asia. Founded in 1990, it is already Australia's second-largest company in its industry sector. From the beginning the company has focused on targeting the Japanese market, and today some 90% of its exports of coarse feed for livestock—oat, wheat, and barley hay—go to Japan.

For a time after its incorporation, Balco conducted its business with Japan through trading companies. How-

ever, Japan's complicated distribution system meant that before the products reached the dairy farmers or cattle breeders who were the end users, the products had to go through the hands of a primary and then a secondary wholesaler, and sometimes even a third middleman. A major challenge for the exporter was, therefore, to find ways to ensure the quality and safety of its products and meet the end customers' needs.

Balco's Japan office was set up in June 2005 in order to overcome this challenge. Since the launch of this operation Mr. Akihiko Sugiura has worked hard in his capacity of marketing manager and sole representative. He sums up the benefits of having an office in Japan thus: "We can directly monitor the needs of the end users. On top of that, we can keep in touch with trends among feed exporters in Australia, the United States, and Canada that also serve the Japanese market. We get a better feel for the activity in the Japanese market." To gain a stronger understanding of the needs of Japanese customers, in August 2006 Balco organized a study tour for 16 Australian hay farmers and other interested parties. The group toured cattle ranches

- 1990 Balco Australia Pty. Ltd. established
- 2000 Operations begin at state-of-the-art Bowmans plant
- 2003 Establishes container supply and transportation business Patrick Portlink (SA) in a joint venture with the Patrick Corporation
- 2005 Japan office opened in Yokohama
- 2005 Acquires two hay processing plants from Elders Hycube, increasing annual capacity to more than 150,000 tons



Balco Australia

Mr. Akihiko Sugiura, marketing manager and Japan representative, utilizes Balco's extensive quality evaluation system to ensure compliance with strict Japanese food-safety regulations.





Established in 2000 the Bowmans site boasts a state-of-the-art factory and exclusive rail service provided by the container-shipment company Patrick Portlink (SA), a joint venture between Balco and the Patrick Corporation.

in the Chiba, Kobe, and Okayama areas, as well as on the southern island of Kyushu.

Although Mr. Sugiura is the only Japanese member of Balco’s staff, when he was sent out from the company’s head office, he was able to set up the Japan office in less than two months. “This was only possible with JETRO’s support,” he notes. “Their Tokyo office gave us valuable advice on a whole range of issues—from identifying suitable office space to the intricacies of the various subsidies available, not to mention all the tax-related details we needed to consider. So we were able to complete all the formalities smoothly.”

Japan is among the most stringent countries in the world when it comes to food safety, as can be seen from the issue of US beef imports, which were stopped for some time due to concerns about BSE. Balco has found that Japanese customer requirements with respect to its production and processing methods are currently on the rise. Balco has every confidence in its quality controls, though.

Balco maintains the quality and safety of its products with its Haycare Quality Assurance program. This evaluation system, developed in-house, incorporates a comprehensive trace-back function—which allows the company to track information on all phases of a product’s life, from soil management in the growing stage up through the final shipping process—and a unique, stringent quality evaluation system. The Balco system logs all chemicals or fertilizers used at farms producing hay for the company, recording their quantities and dates of use. This information from each farm is associ-

ated with every bale of Balco hay and can be checked during the export process. This system, which has earned a worldwide reputation, enables the exporter to accurately incorporate the feedback it gets from Japanese customers in its production arrangements.

Since May 2006 Balco has also applied a “positive list” system in Japan that regulates the distribution and sale of foodstuffs that contain more than a certain level of chemicals or other feed-additives. “Balco’s Haycare program complies with the Japanese requirements, and the stringent food-safety regulations in this market are no problem for us,” explains Mr. Sugiura.

Mr. Sugiura does not specify medium-term sales targets for the Japanese market, but he gives increased exports of hay as one of Balco’s aims. Another goal for the company, he states, is to begin exporting grain products to Japan.

Japanese Operation

- Established :** June 2005
- Capital :** None (representative office)
- Employees :** 1
- Business :** Japanese market research, new product development
- Location :** 8th Floor, Must Bldg., 17-1 Daimachi, Kanagawa-ku, Yokohama-shi, Kanagawa Prefecture
- URL :** <http://www.balco.com.au>
- Parent company :** Balco Australia Pty. Ltd. (Balaklava, Australia; employees: 120)

