Our Vision
AWI is a highly valued contributor to a vibrant, profitable and sustainable Australian wool industry.

Our Goal
To increase the profitability and support the sustainability of Australian wool industry through strategically targeted investments in research, development and marketing designed to optimise return on investment.

Our Values
Innovative
AWI will drive a sustainable culture of innovation to deliver tangible solutions to research, development and marketing across the global wool industry.

Accountable
AWI, its staff and contractors are accountable to our stakeholders (internal and external) in all we do to provide the best return on their investment.

Collaborative
AWI will engage in collaborative and supportive partnerships across our global supply chain.

Translucent
In all our operations, AWI will be transparent about what, why and how we operate, and how we have performed, reporting measurable outcomes on investments and programs.

Integrity
Integrity drives our commitment to put growers first.

Respect
We will engage with each other and consult and interact with woolgrowers in a professional and respectful way.

Our Mission
To make strategically targeted investments to:

1. Enhance the profitability, international competitiveness and sustainability of the Australian wool industry.
2. Increase demand and market access for Australian wool.
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1. CEO’S OVERVIEW

The outcome of WoolPoll forms the basis of AWI’s Strategic Plan. The 1.5% levy, along with the drought, has reduced AWI’s revenue for the next three years and we will cut our cloth to manage these conditions.

The Strategic Plan outlines the key investment priorities and activities for the next three years. The plan is based on woolgrower and government priorities for expenditure, which AWI seeks through a consultation process during development of the plan.

This document is a critical part of that consultation process. It outlines decisions made by the Board to date and the current development of the strategic architecture of AWI operations for 2019/20 to 2021/22. We are currently developing investment targets and programs under the investment strategies outlined in this document.

I invite all Australian woolgrowers and other stakeholders to consider the development of our blueprint for AWI investment for the future.

Stuart McCullough
AWI’s revenue is largely dependent on wool levy income, which is determined by wool production volumes and prices. It is anticipated that wool levy income during the next Strategic Planning period will be significantly reduced, for two main reasons.

Firstly the impact of drought over much of eastern Australia has markedly reduced the size of the Australian flock.

Secondly, following the result of the three-year WoolPoll vote, the wool levy has been reduced from 2% to 1.5%.

The wool levy percentage is fixed for the duration of this three year strategy, however the impact on production as a result of the drought is much harder to predict. On this basis, AWI will continue to constantly monitor the impacts on revenue and adjust its operations and expenditure as appropriate.

AWI will utilise the cash reserves, prudently accrued over the last strategic period (2016/17 to 2018/19), to lessen the impact of the revenue reduction and the company will cut its cloth to fit its new operating environment.

AWI will continue to work across the full wool supply chain, investing in opportunities that maximise returns to woolgrowers.

Despite this, there are still many opportunities for Australian wool in global markets, such as the consumer push for natural products and the rise in athleisurewear. Each regional team of The Woolmark Company aims to take advantage of the best opportunities within their own market.

The opportunities in the Eastern Hemisphere for wool are well balanced between product and process innovation, education and extension, and marketing. Given the rapid growth of middles classes throughout the Asian and subcontinent regions there are huge consumer-facing opportunities in the form of marketing and consumer education in wool. Of equal importance is the ability to optimise wool’s usage within the enormous manufacturing hubs of the Eastern Hemisphere.

The Western Hemisphere region is more heavily weighted towards fashion, retail and marketing. Whilst there are opportunities to support the remaining processing hubs in Europe, there are vast opportunities for wool with European and North American brands that are of significant influence both locally and throughout the world.
3. COLLABORATION

Woolgrowers and the Australian Government, as investors in AWI’s activities, expect collaboration with other Research and Development Corporations (RDCs), public and privately funded research institutes and the commercial sector.

This ensures sharing of knowledge, an increased funding pool, efficient research and development progress, enhanced reach and depth of education and progress on shared problems which otherwise may not be addressed.

Wherever possible across all AWI’s portfolios collaborators are sought for both with cash or in kind contributions.

Leverage, adoption efficiency, maximising returns and research outcomes

Farm Research
- RDCs
- CRCs
- Government
- Universities
- Private sector

Extension & Education
- RDCs
- Government
- Universities
- Schools
- Private sector

Supply Chain Research & Development
- RDCs
- Government
- Universities
- Manufacturers
- Retailers
- Brands
- Private sector

Marketing & Fibre Promotion
- Retailers
- Brands
- Other fibre organisations

Examples of Current Collaboration Projects
- Rural R&D for Profit Projects (all RDCs)
- Rabbit biocontrol [Centre for Invasive Species Solutions]
- Australian Genebank (livestock RDCs)
- Best Wool/Best Lamb (MLA)
- It’s Ewe Time (MLA)
- Woolmark Performance Challenge [116 Global Universities]
- Wool4School (schools across Australia, UK, Hong Kong & Italy)
- Burton
- Pearl Izumi
- Global sports brands, eg adidas
- Nanshan – Wool Development Centre
- Nagnata, Erin Snow, Mini
- Prada, Max Mara, Matches Fashion
- Association of Venetian Gondoliers
- Campaign for Wool
AWI is committed to providing quantifiable returns on woolgrower and government funds.

The role of the Monitoring and Evaluation (M&E) framework is to measure, analyse and report on the performance of AWI’s investments of funds in programs and research.

The implementation of the M&E framework will enable AWI to sustainably measure and evaluate our programs, projects and investment.

The M&E framework includes:

- overarching measurements of performance providing a robust framework for program and project measurement, evaluation and reporting
- development of robust measurements of project and program impacts and the benefits delivered to Australian woolgrowers
- provide transparency of AWI’s accountability to woolgrowers and industry stakeholders
- develop and embed a culture of M&E underpinning all strategic decisions to ensure the delivery of benefits to Australian woolgrowers.

During the next strategic period, AWI will sustainably embed a M&E framework into each of AWI’s business areas to effectively measure and evaluate activity and investment.

AWI’s goal is to support and increase the profitability sustainability of the Australian wool industry through strategically targeted investments. To achieve AWI’s goal, four drivers of value have been defied:

1. Productivity – an increase in yield from a fixed asset
2. Efficiency – increases in outputs from a content level of inputs
3. Demand – demand and price are externally driven. Increasing demand for wool increases farm income
4. Price – increase in price of wool increases farm gate return

By engaging one of the four drivers, value is derived for growers by lowering cost of production or increasing farm gate income.

Return of farm assets managed (RoFAM) will be applied to inform the methods of M&E of all AWI programs and investment. RoFAM underpins the logic of M&E – every project AWI should contribute to increasing RoFAM.

These four drivers inform methods of measurement and evaluation for AWI’s activities.
5. DEVELOPMENT OF 2019/20 TO 2021/22 STRATEGIC PLAN

Following WoolPoll 2018 the AWI Board commenced the development of the 2019/2020 to 2021/22 Strategic Plan. We considered the independent Review of Performance by EY and internal assessment of progress against our 2016/17 to 2018/19 Strategic Plan and the desires of woolgrowers as expressed at WoolPoll 2018 to develop a range of investment strategies for the future.

5.1. WoolPoll 2018

At the 2018 WoolPoll, woolgrowers voted for a 1.5 per cent levy to AWI. Following WoolPoll, AWI developed a draft project budget for 2019/20 investment by key areas and, with senior AWI staff commenced a process of identifying key issues across the wool supply chain and opportunities to enhance the profitability, international competitiveness and sustainability of the Australian wool industry. AWI also received input from industry and grower representative bodies.

These issues and opportunities were considered by the AWI Board. The Board then asked senior managers to provide recommended programs to deliver against the strategic intent developed to date.

5.2. Review of Performance

As part of AWI’s three-year business cycle, an independent review of performance (ROP) of AWI is undertaken to assess the company’s performance against its Strategic Plan, Annual Operating Plans, compliance with the Statutory Funding Agreement (SFA) and overview of operations.

AWI welcomes the regular independent three-year review as the report assists AWI to refine its processes and approach to deliver long-term profitability for Australian woolgrowers.

The ‘Independent Review of Australian Wool Innovation’ (the Report) was based on the review conducted by Ernst & Young (EY) who were engaged by the Department of Agriculture and Water Resources.

In July 2018, AWI welcomed the Report that examined the company’s performance and governance for the period 2015-2018.

The report included 82 recommendations in the areas of monitoring and evaluation, consultation and governance. The recommendations ranged in levels of importance from ‘mandatory’, ‘critical’ and ‘recommended’ and provided AWI with timing suggestions for completion helping to pave the way for greater consultation, transparency and accountability.

The report stated that AWI should continue with its existing services and projects whilst addressing the report’s recommendations.

In welcoming the Report, AWI acknowledged, there were areas where it can enhance the way it operates. The company is underway and committed to proactively addressing and implementing the intent of all 82 recommendations included in the Report, to deliver even better results for woolgrowers.
AWI’s strategic architecture has been centred around five key portfolios. These portfolios will focus AWI investment across the key areas identified.

Objective – Increase demand for Australian wool. Shift from a demand focus to positioning and price to ensure a sustainable future for Australian woolgrowers.

Objective – Lower the cost of production of wool on-farm by increasing the productivity of sheep and land, and increasing the efficiency of use of inputs and resources while maintaining Australia’s reputation for sustainability.

Objective – Increase the profitability and sustainability of the wool processing and manufacturing supply chain and educate students, trade and retailers about the benefits of wool.

Objective – To build trust and transparency across the supply chain through an industry best-practice structured, targeted and measurable engagement model; and for this intelligence to influence, inform or contribute to AWI’s business activities.

Objective – To provide tools to ease the flow of information about wool up and down the supply chain to all parties; to communicate wool’s benefits, facilitate provenance and supply chain transparency.
Across the five AWI portfolios we plan to execute 13 strategies. These strategies seek to address key industry issues and opportunities.

In developing the strategic architecture for AWI’s investment for 2019/20 to 2021/22 we were conscious of the need to align our operations, at all levels, against the strategic intent that underpins the Strategic Plan. The strategic architecture is based on a circular representation of AWI investment, from a high-level strategic perspective to operations and tactics executed by staff, globally, on a day to day basis. Ensuring that there is a clear link between strategy and operations is a fundamental consideration in the design of our strategic architecture.

The first ring of the AWI investment architecture reflects the five portfolios that have been developed to describe the key areas of AWI business operations. The second ring describes the 13 strategies AWI intends to pursue to ensure the top issues identified across the wool supply chain can be effectively addressed. These strategies are explained in more detail in the following sections.

Currently, AWI senior managers are developing appropriate programs under these 13 strategies, which will describe how investments will be made to achieve the broad intent of the organisation’s future investment. These programs will reflect another ring to our strategic architecture described in this document and will also detail specific investment targets.

As we finalise our investment strategies and programs, AWI is now determining how best to allocate resources, both project dollars and staff, to ensure that these targets are achieved.
HEALTHY PRODUCTIVE SHEEP

AGRI TECHNOLOGY

TRAINING & TECHNOLOGY UPTAKE

SHEEP PRODUCTION INNOVATION & ADVOCACY
HEALTHY PRODUCTIVE SHEEP
The challenges are to efficiently achieve lifetime sheep health and welfare, timely pasture growth and more lambs without compromising future productivity. When woolgrowers succeed through genetic benchmarking or adjusting inputs or their management, they want to ensure their gains are not decimated by predators.

AGRI TECHNOLOGY
Automation will bring efficiencies in farm data collection, analysis and decision-making using smart sheep tag hardware, sheep to sheep connectivity, sheep to farm connectivity and augmented reality interfaces. Safe (or soft) robotics are working with humans in other industries which is an opportunity for improving the wool harvesting process.

TRAINING & TECHNOLOGY UPTAKE
To be and to be recognised as a valuable contributor to the profitability and sustainability of Australian woolgrowers, through the provision of a broad range of grower-facing communication, engagement and training initiatives.
CONSULTATION

WOOLGROWER

INDUSTRY

PORTFOLIO

STRATEGY

AWI STRATEGIC PLAN DEVELOPMENT
6.3. Consultation Strategies

WOOLGROWER

Australian woolgrowers are the reason AWI exists. Australian woolgrowers and the future health of their operations will always be the business’ priority focus, in terms of woolgrower levies that fund AWI activities, and in managing these funds prudently to deliver strategic, relevant, sophisticated, and measurable outcomes that contribute to a vibrant, profitable, innovative and sustainable Australian wool industry.

INDUSTRY

AWI looks to work in a structured, transparent and collaborative way with the plethora of industry bodies, and for the intelligence gleaned from this engagement to influence, inform or contribute to AWI business activities. AWI will also always seek to provide to all stakeholders evidence of return on investment via rigorous measurement and evaluation.
AWI STRATEGIC PLAN DEVELOPMENT
6.4. Processing Innovation & Education Extension Strategies

**PROCESSING INNOVATION**

By working with industry partners, from early stage processors through to end garment to adopt innovative processes and technologies, AWI will ensure wool remains a leading, progressive fibre for consideration by manufacturers, designers and brands. Technical transfer will further widen manufacturing expertise for industry to draw upon and also enable commercial point of difference for their organisations.

**EDUCATION EXTENSION**

Education of primary, secondary and tertiary students (both textile engineering and design) will not only inspire those entering the industry but also provide them with in-depth knowledge of the wool fibre and a solid understanding of the many possibilities for its use. All students are also future consumers of wool. Education of supply chain partners ensures that industry is kept informed of leading technologies and processes.

**WOOLMARK**

The Woolmark brand underpins many of AWI’s other programs by providing a central point of focus to link initiatives across the entire wool supply chain. The Woolmark product specifications and quality control and testing policy support The Woolmark Company’s consumer marketing efforts to change perceptions about wool.
6.5. Marketing Strategies

TRADE
The Trade Marketing strategy (B2B) aims to build the reputation for Australian wool amongst the global apparel industry through a program of fibre advocacy, fostering and promoting innovation, increasing brand equity for the Woolmark and championing Australian wool’s inherent eco-credentials. The Woolmark Company’s internal creative and digital teams will deliver cost-efficient, cutting edge marketing and communications.

BUSINESS & TALENT DEVELOPMENT
A strategic Business and Talent Development (BTD) program, bringing together the company’s Education and Extension, Processing Innovation and Marketing functions to drive increased business development opportunities and build an alumnus of life-long Australian wool advocates. The strategy encompasses key programs such as the International Woolmark Prize and Woolmark Performance Challenge.

CONSUMER
The Consumer marketing strategy (B2B2C) aims to develop and implement marketing campaigns with key designers, brands and partners to drive growth, defend core categories and build the reputation for Australian wool. This strategy will deliver value to partner brands, maximise investment efficiency and deliver the wool message across all touchpoints aligned to the most important brands and retailers across the world.
6.6. Traceability Strategies

SUPPLY CHAIN INITIATIVES

Supply chain initiatives will be researched and developed to distinguish and identify Australian wool through the supply chain. Tools to increase efficiency and transparency from farm gate to end consumer will be developed and enhanced.

FIBRE SCIENCE

Fibre science is the evidence the wool industry uses to promote to consumers that wool is the planet-friendly fibre of choice. AWI will add to the body of knowledge that consumers’ personal micro-environment, their living and working environment and the global environment can all be improved by wool.
The Strategic Plan is available at

WOOL.COM