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# A CASE STUDY ON FARM FRESH BERHAD TOWARDS BUSINESS INNOVATION

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Business innovation is important for every company to stay in the industry now and in the future (Dagan, Rafi, Sia, & Dilla, 2021). Innovation is the application of concepts in a way that results in the creation of new products or services or the enhancement of the provision of the existing ones. The creation of more efficient goods, procedures, services, technologies, works of art, or business models, which innovators then make available to consumers, governments, and society, is a common way innovation occurs. Innovation is critical in bringing newness to established product lines or processes, resulting in greater market shares, revenues, and customer satisfaction. Innovation is sometimes used to enhance a company's operating systems or incorporate new automation technology. Since the beginning of the industrial revolution, substantial research has been conducted on the waves of innovation that have resulted in profound societal upheavals.

According to Stoknes (2022), there have been five main waves of innovation since the beginning of the industrial revolution:

- Wave One: Mechanisation (1760–1830)
- Wave Two: Steel, Steam, and Railways (1830–1900)
- Wave Three: Industry (1900–1970)
- Wave Four: Electronics, Television, and Aviation (1945–1990)
- Wave Five: The Digital and Internet Wave (1985–Present)

A new sixth wave, which has just begun, is a wave of green innovation riding on top of digitalization. This wave will usher in an age characterized by a shift to radical resource productivity, powered by renewable energy and circular material flows.

As Malaysia started to industrialize more in the 1980s, it was then that it began to formulate policies related to science, technology, and innovation. The first direct funding initiative to boost research was launched in 1988 when the Ministry of Science, Technology, and Innovation (MoSTI) introduced the Intensification of Research in Priority Areas (IRHPA) grants. Since then, financing and support for all aspects of the innovation process, including invention, research and development (R&D), and commercialization, have grown extensively. Nonetheless, despite the growth of these projects and a rather sophisticated corporate environment, there is always potential for improvement in the commercialization of research.

In 2009, Farm Fresh Berhad (FFB) founders Mr. Loi Tuan Ee and Mr. Loi Tuan Kin acquired sixty Holstein Jersey cows from Australia and established a small farm in Mawai, Johor, to produce dairy products for the local Malaysian market. They ensured that all products lacked artificial preservatives, colorings, and flavors and were promptly delivered to supermarket shelves. This resulted in a significant competitive advantage over imported dairy brands, the majority of which produce products using powdered or reconstituted milk. The demand for fresh milk products and funding from Khazanah Nasional Berhad helped the company expand its production capabilities and product line in the years that followed. To increase penetration into some of Malaysia's most remote areas, FFB also pioneered an innovative 'home-dealer program', in which micro-entrepreneurs in rural Malaysia were selected to become stockists, dealers, and agents of these products. This provided income-generating opportunities.

FFB is now a fully vertically integrated dairy producer with six dairy farms and three processing facilities spread across Malaysia and Australia, marketing under a variety of brands, including Farm Fresh, Master Barista, Henry Jones, Yarra Farm, Yarra by Farm Fresh, and Nubian Goat's Milk. Farm Fresh has established itself in various product categories, including Ready-to-Drink (RTD) chilled and ambient products, yogurt, plant-based goods, and sauces. Furthermore, with significant R&D capabilities, the company has been a pioneer in offering innovative products such as kurma milk, organic milk, lactose-intolerant milk, oat milk, and almond milk to the Malaysian market, catering to changing consumer needs and preferences.



FFB's current focus is on increasing its production capacity and capabilities to reach more markets throughout Asia and introduce dairy products as nature intended to even more consumers. It has grown from a homegrown upstart to become Malaysia's largest integrated producer of dairy products made from fresh, raw milk. FFB offers a wide range of dairy- and plant-based products to both the Malaysian and international markets, satisfying various consumer tastes and dietary requirements. All the products are manufactured on-site using fresh milk that has not been tainted by artificial coloring, flavoring, or preservatives. Moreover, FFB has implemented several innovations that align with current customer demands, which will be discussed further in the next section.

In terms of generating shared value between the business and local communities as its primary goal, this objective has guided FFB in developing local-first policies. FFB has aimed to meet the needs of its business within the surrounding communities, the majority of which have rural and relatively economically disadvantaged populations. This, in turn, has led to the creation of the home-dealer program and the local partner-farmer network, providing sustainable economic opportunities for rural distributors and farmers, respectively. Not to mention, FFB has also provided a means for entrepreneurs to improve their standard of living and earn incomes much higher than comparable salaries in their locations. For example, in the home-dealer project, the FFB network has assisted thousands of microentrepreneurs, 80 percent of whom are women, in achieving financial independence and becoming pillars of their communities.

FFB, which has been in the industry for thirteen years, has also faced several issues and challenges. However, it has introduced numerous reforms and innovations to increase efficiency in the quality of products and services offered. FFB deserves praise and encouragement to continue moving forward, enabling it to compete with international companies and maintain its position in the long term.



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