



NUFFIELD IRELAND

Farming Scholarships

What are the Most Critical Business Concepts for Growth in Irish Agriculture Today?

A report prepared for Nuffield Ireland Farming Scholarship Trust

By

Bill O'Keeffe, Cork

April 2012

Sponsored by



This publication has been prepared in good faith on the basis of information available at the date of publication without any independent verification. Nuffield Ireland does not guarantee or warrant the accuracy, reliability, completeness or currency of the information in this publication nor its usefulness in achieving any purpose.

Readers are responsible for assessing the relevance and accuracy of the content of this publication. Nuffield Ireland will not be liable for any loss, damage, cost or expense incurred or arising by reason of any person using or relying on the information in this publication.

Products may be identified by proprietary or trade names to help readers identify particular types of products but this is not, and is not intended to be, an endorsement or recommendation of any product or manufacturer referred to. Other products may perform as well or better than those specifically referred to.

This publication is copyright. However, Nuffield Ireland encourages wide dissemination of its research, providing the organisation is clearly acknowledged. For any enquiries concerning reproduction or acknowledgement please contact Matt Ryan, Executive Secretary, Nuffield Ireland, Rathmartin Road, Nenagh, Co. Tipperary or email ryanmatt.ryan@gmail.com or phone 087 2355179.

Scholar Contact Details

Name:	Bill O’Keeffe
Address:	Knockmourne, Conna, Co. Cork
Phone:	086 1975087
Email:	billokeeffe@gmail.com

In submitting this report, the Scholar has agreed to Nuffield Ireland publishing this material in its edited form.

Nuffield Ireland Contact Details:

Matt Ryan, Executive Secretary, Rathmartin Road, Nenagh, Co. Tipperary.

Phone: 00 353 87 2355179

Table of contents

	Page
I. Executive Summary	5
II. Introduction	7
• Background and Learnings	7
• Food Harvest 2020 Report	9
• The Role of Dairy within the Food Harvest 2020 Report	9
• Study Question	10
III. Objectives and Aims	12
IV. Methodology	13
 Chapter 1 Strategic Planning	 15
1.1 Introduction	15
1.2 What is Strategic Planning and Why is it Important?	15
1.3 Elements of the Strategic Planning Process	17
1.4 Strategy Formulation	18
1.5 Conclusion	19
 Chapter 2 Stakeholder Management	 20
2.1 Introduction	20
2.2 Who is a Stakeholder?	20
2.3 What is Stakeholder Management?	21
2.4 Stakeholder Mapping	24
2.5 Conclusion	28

Chapter 3	Corporate Governance	29
3.1	Introduction	29
3.2	What is Corporate Governance?	30
3.3	Accountability / Discipline	30
3.4	Implementing the Strategic Plan	31
3.5	Outside Expertise	31
3.6	Risk Reduction	32
3.7	Succession Planning	33
3.8	The Role of the Limited Company Structure within Irish Agriculture	34
3.9	Conclusion	35
Chapter 4	Conclusions	36
4.1	Introduction	36
4.2	Strategic Planning	36
4.3	Stakeholder Management	37
4.4	Corporate Governance	37
4.5	The Value of these concepts to Irish Agriculture	38
Chapter 5	Recommendations	39
5.1	Introduction	39
5.2	Management of Relationships	39
5.3	Adapt New Technologies and Concepts to Grow	40
5.4	Strategically Plan	41
5.5	Implement Corporate Governance	41

5.6 Cross-collaboration between Industries	42
Acknowledgements	44
Appendices	45
Appendix 1: Index of supporting key concepts or phrases	45
Appendix 2: Quotes	47
Appendix 3: Mission Statements	50
Appendix 4: Competencies and HR Strategies in Microsoft	50
Appendix 5: Managing Stakeholders Successfully	52
Appendix 6: What Does a Corporate Governance Board Look Like?	54
Appendix 7: The Function of Your Governance Board	56
Appendix 8: Governance Pitfalls to Watch Out For	57
Appendix 9: Nuffield Scholars Global Focus Programme; Key points: Bahrain	58
Appendix 10: Nuffield Scholars Global Focus Programme; Key Points: France	62
Appendix 11: Nuffield Scholars Global Focus Programme; Key Points: India	65
Appendix 12: Nuffield Scholars Global Focus Programme; Key Points: Ukraine	70
References	74
Figures and diagrams	
Figure i Punjab Agricultural University (PAU), Kisan Farmers Club, India.	13
Figure ii Meeting with the Bahrain Agricultural Minister. Dr Abdul Aziz M.A.Mohamed, Ministry of Agriculture Affairs, Kingdom of Bahrain	13
Figure iii Enjoying French Culture, 2010	14
Figure iv: North Carolina Monument. Gettysburg Battlefield. USA.2010	14
Figure 2.1 Circles of Trust	22
Figure 2.2 The Ideal Circle of Trust	23
Figure 2.2 Stakeholder Map Using the Power Interest Grid Model	24

Executive Summary

This Nuffield Report seeks to answer the question ‘*What are the most critical business concepts for Irish agriculture today?*’ In essence it looks at a number of concepts used widely in the corporate world to implement successful growth and profitability which, when applied to the farming world, can achieve the same goals. It is considered throughout the report that the future success of Irish agriculture will play a major role in Ireland’s economic recovery and to fulfil this role Ireland needs to increase its economic output through agricultural exports.¹ It is believed by the author that it is now time for Irish agriculture to add new business growth models to the equation to deliver success.² This report outlines in an accessible way, critical business concepts of importance and relevance to Irish agricultural businesses and is aimed at farming businesses that want to grow.

The Irish Government’s plan for agriculture within the *Food Harvest 2020 Report* has set out a very exciting growth target for the dairy industry with a 50% increase in output by 2020. For Ireland’s dairy farmers to achieve this they will have to grow. Ireland’s dairy farmers will also have to be capable of competing in a global market that brings with it volatility in commodity prices. Our competitors, notably Australia, New Zealand and the United States, have been successfully competing on this global market for years and have developed business concepts to allow them to grow and compete successfully.

In the *Food Harvest 2020 Report* the inherent flaw is assuming a level of readiness to develop and implement change. In the author’s experience and by means of on the ground research, most Irish farmers do not have the skill set and the business concepts in place to implement successfully the forecasted 50% growth in dairy output. While the *Food Harvest 2020 Report* measures are likely to be met, it is believed by the author that the cost of the fallout for unprepared farmers is likely to be significant and raises a question: has Irish agriculture’s *Food Harvest 2020 Report* plan set itself to fail in this regard?

¹ The Department of Agriculture, Food and the Marine (DAFM) reports the agri-food sector in Ireland contributes a value of €24 billion to the national economy, generates 6.3% of gross value added, almost 10% of Ireland’s exports and provides 7.7% of national employment. When employment in inputs, processing and marketing is included, the agri-food sector accounts for almost 10% of employment. Source <http://www.teagasc.ie/agrifood/>

² Some concepts and models are not new per se, but they are new to the agricultural sector as a whole.

This report presents three strategic business concepts as structures that were found to be relevant to Irish agricultural business development and can assist in the successful implementation of farm growth and profitability. These are strategic planning, stakeholder management and governance.³ All of these concepts were employed by the successful people met and interviewed throughout the research period.⁴

Strategic planning: Strategic planning is a very important and necessary process for every farming business to continually undertake. While each farm business reviewed and analysed had ambition, the key to the success of their farming businesses was clear goal-setting and application of management strategies, including strategic planning.

Stakeholder management: The capability of Ireland's farmers to manage all of their stakeholders will define the future of Irish agriculture. Stakeholder management creates positive relationships with direct or indirect stakeholders in a business through the appropriate management of their expectations.

Corporate governance: For commercial reasons, now is an ideal time for many Irish farmers to move from trading as a sole trader to trading as a limited company. In order to implement corporate governance effectively, new skills are required. Good corporate governance will deliver more accountability on a main business driver, better planning, reduction of existing business risk and better decision making processes.

Ireland's dairy sector is a very profitable and successful industry. Previously milk quotas acted as restrictors to growth in the sector. It is believed by the author that farmers are now entering a period, post-quota restrictions, where not only in dairy but in all agricultural industries, they have the opportunity to grow their businesses in a more structured fashion and can and should learn from established business concepts.

It is recommended that farm businesses and agencies, financial institutions and government departments take responsibility for understanding and developing business concepts, implementing business structures and adapting new technologies to assist the growth of agriculture in Ireland.

³ Governance, also known as corporate governance.

⁴ Successful in their own business.

I. Introduction

Background and Learnings

This paper is a distillation of my personal journey over the last two years. It is a summary of the three business concepts that I see most applicable to Irish agriculture and my farming business. I hope you learn something from reading this paper.

I set off on my study looking at ways of giving equity to employees on Ireland's dairy farms as a way of encouraging them to stay loyal to those businesses. However, my thinking was totally challenged and over the last two years I have understood that there are many more individuals involved in a farming business who have an impact on a business's final destination.

I visited various countries and met many inspiring individuals as part of my research. Towards the end of my research I met with Microsoft because they were awarded 'Ireland's Best Place to Work' for the last four years⁵. I met James O' Connor, General Manager of Global MBS Operations and when he spoke about stakeholder management I had a 'eureka' moment.

Stakeholder management is one of the three concepts which will ensure growth and success for any business.

James demonstrated that Microsoft and farming were very similar in that they were both people businesses and if you want to grow your business successfully it will be achieved through people. I was awe-struck by James's clarity on how to manage all key relationships important to his role as general manager of global operations. He was also very aware of his impact and influencing style on these relationships. A key question he asked me was, "What is your impact and influencing style?" This is a question every person in Microsoft is able to answer. James made me aware of strategic business concepts that I knew existed but I didn't know the words or how they related to farming and my business. It was new and amazingly simple but was unthinkable before I saw it. Once seen and understood, my whole thinking changed. I was shown the light. I had read *How to Win Friends and Influence People* by Dale Carnegie many times over the past few years and I understood that people were important, but I didn't fully understand the application to everyday farming businesses until that moment.

⁵ Ireland's Best Place to Work is funded by the great Place to Work Institute, an international company that has its headquarters in Washington, USA.

I saw that stakeholder management was *as* important to James O' Connor providing business solutions as Global Operations Manager, as grass is to an Irish dairy farmer and further, that stakeholder management could hold the same importance for Irish farmers as it did for Microsoft.

My second major learning point was that all the successful farmers I met throughout my research were very clear on where their businesses were going. They had a continuous planning process in place and this allowed them to grow their farming businesses successfully. They had a long term plan, a strategic plan.

The lack of a strategic planning process in Ireland's dairy industry was very obvious to me on my return from my travels. It is a business concept that had been talked about a lot ten years ago but Ireland's dairy farmers have since failed to embrace it. We need the strategic planning process to become a part of farmers' everyday lives if we want to reach our optimum potential. We must know where we are going and what exactly we want to achieve, otherwise how else will we reach our destination?

Corporate governance is the final of the three concepts. It was shown to me by Brendon Smart, a Nuffield Scholar in Australia, as a concept that successful farming businesses are starting to embrace. The most valuable contribution corporate governance makes to a farming business is its ability to make farm owners accountable while delivering structure around the planning process. It has the ability to act as a supporting framework to bring in outside skills that may be lacking, to review and develop the business. Brendon Smart has grown his farming business by 450% in 12 years since implementing corporate governance.

Throughout the past two years of preparation, research, travel and reflection, a wide variety of people were met and in turn became part of this report. All of the successful people that I met know that their businesses are not just about cows, goats or tractors, it is all about **people**.⁶ Agriculture at primary producer level is a people business. Given that the agricultural industry relies on people to function, we must implement management and business concepts that build upon those people. We need to learn from businesses outside agriculture which are leaders in their field, such as Microsoft, and modify their management concepts to suit our industry.

⁶ Successful in their own farming business

Food Harvest 2020 Report

The food harvest 2020 report was compiled by a committee of 31 representative stakeholders in the Irish agri-food industry. Their terms of reference required the preparation of a draft strategy for the medium-term development of the agri-food sector to 2020 which has effectively set targets for the main primary production sectors in Irish agriculture and has given these sectors much needed aspirational targets.

Currently, Ireland produces sufficient food to feed the equivalent of 30 million people. If the targets set out in the food harvest 2020 report are achieved, Ireland will be producing sufficient food to feed 50 million people. In addition, value added from the agri-food sector would increase from €7.5bn to €10.5bn. It should be noted that the economic importance of this increase is more significant than initially apparent. Due to the low import content of Ireland's agri-food exports, they contribute heavily to the country's net foreign earnings; every €100 worth of agricultural output creates an additional €73 of output in the wider economy.

The Role of Dairy within the Food Harvest 2020 Report

The dairy sector is the engine of Irish agriculture. It is the largest sub-sector in Irish agriculture contributing 30% of gross agricultural output. More importantly, it is the most profitable and the only sector to consistently show positive net margins when EU direct payments are excluded.

It is therefore unsurprising that expansion of the dairy industry forms the main pillar of the *Food Harvest 2020 Report*. The report sets a target of a 50% increase in milk solids production equating to a €700m increase in primary output value. This increase is challenging, given the output restrictions in place until April 2015 under EU milk quota legislation. It is achievable, but only on the basis that Irish farmers adapt their business to allow rapid growth at primary level post 2015. It is in this context that the following study sets out to identify some key business concepts that Irish dairy farmers need to follow in order to achieve their growth ambitions.

Study Question

This Nuffield study seeks to answer the question:

‘What are the critical business concepts for growth in Irish agriculture today?’

It is important to ask this question not only in the light of the *Food Harvest 2020 Report*, but also to help farmers achieve their own growth ambitions, contributing to the success of Irish agriculture. Regardless of underlying factors, it is important to understand how growth can be stimulated using the most appropriate knowledge and understanding, so that after growth has been achieved it can be maintained and in turn, support future growth.

This question is approached focusing on an overall business structure rather than from the technical side of farming. This is not to say that the technical side of farming does not matter and of course, a farm has to be profitable for any business to even consider growing. However, this report concentrates on the business concepts that can be implemented on our farms.

This growth needs to be undertaken in an appropriately planned manner. At present in Ireland most of the information available to farmers relates to the technical side of farming - cows, grass and genetics. To successfully achieve our growth target we need to start focusing on the business concepts to deliver predicted success to every farmer.

Through my research, three key concepts emerged that have a common resonance and are applicable in ensuring that farm business growth is implemented successfully and profitably. These key concepts are:

1. Strategic Planning

Strategic planning is a continuous process of long term planning. It provides a discipline to undertake the planning process.

2. Stakeholder Management

Stakeholder management is the process by which we identify key stakeholders specific to a business and win their support in order to grow the business to its full potential.

3. Corporate Governance

Corporate governance is a board or body tasked with influencing and directing focus within a business.

The structure of this report presents these three elements as concepts, discretely initially, with a chapter devoted to each concept and its relevance to farming. It follows with how these concepts work together and how they can impact the Irish agricultural industry successfully and profitably.

II. Objectives and Aims

Objective

The objective of this Nuffield study is to provide Irish farmers, in an informal, relevant, accessible and understandable manner, three key business concepts that will allow them grow their farming business successfully and profitably.

Aims

This Nuffield Report seeks to answer the question

What are the critical business concepts for growth in Irish agriculture today?

It is important to ask this question, not only to advance Irish agriculture and contribute to significant targets, but as a significant contributor to the Irish economy, the future success of Irish agriculture will play a major role in Ireland's economic recovery and to fulfil this role Ireland needs to increase its economic output through agricultural exports.⁷ It is now time for Irish agriculture to add new business growth models to our skill set and deliver success on all levels.

My personal aim in presenting this report is to add value to agriculture today, encouraging any farming business that may read this report to consider these concepts as tools for growth, while also encouraging Ireland's agricultural leaders to implement essential change as we progress towards 2020.

⁷ The Department of Agriculture, Food and the Marine (DAFM) currently reports the agri-food sector in Ireland contributes a value of €24 billion to the national economy, generates 6.3% of gross value added, almost 10% of Ireland's exports and provides 7.7% of national employment. When employment in inputs, processing and marketing is included, the agri-food sector accounts for almost 10% of employment. Source <http://www.teagasc.ie/agrifood/>

III. Methodology

This study has involved twenty-four months of preparation, five months of travel abroad and many months of research and reflection.



Figure i: Punjab Agricultural University (PAU), Kisan Farmers Club, India.2010



Figure ii: Meeting with the Bahrain Agricultural Minister.
Dr Abdul Aziz M.A.Mohamed, Ministry of
Agriculture Affairs, Kingdom of Bahrain.2010

Travel involved visiting the United States, Scotland, England, Wales, France, Ukraine, Turkey, Bahrain, India, Malaysia and Australia in order to gather information first hand from people who were successful in their chosen career. Focus was placed mainly on agricultural businesses,



Figure iii: Enjoying French Culture. Paris, 2010

Those singled out for interview are a cross-section of successful leaders in a variety of businesses from technology to farming. My reasoning for this is to comprehend why successful managers and leaders are good at what they do and so find underlying threads that would contribute to my own understanding.

The study is exploratory in nature and although it provides concrete findings, it is by no means an all-encompassing report, but rather aims to be an introduction to further study for those who want to build on its findings.

and looked at successful businesses from a variety of angles: from company executives to company directors, from farmers on the ground and their employees to members of parliament, industry commentators, WTO negotiators and international trade lobbyists. It was a journey that was filled with revealing discussions which constantly fuelled my research.⁸



Figure iv: North Carolina Monument.

Gettysburg Battlefield. USA.2010

Chapter 1

⁸ WTO: World Trade Organisation

Strategic Planning

1.1 Introduction

Strategy is a plan of action designed to meet an overall aim.⁹ In business it is a pathway that takes an organisation to a chosen destination, much like a roadmap.¹⁰ It is a process that considers how to navigate from where you and your business are now to where you want to be in a period of years from now.

1.2 What is strategic planning and why is it important?

Strategic planning is a *continuous* process of long term planning. Going through the strategic planning process ensures a continually monitored progress and refocus in order to deliver results, allowing a business realise its goals more quickly and easily. Strategic planning forces a business to start thinking about the long term future and to consider: what are the business's goals? What is its purpose and vision?

It is essential to understand that strategic planning is an ongoing process, not a product. A strategic plan is a living, active document, always part of a successful business and financial life and should be constantly referred to, used and changed if necessary, not put on the shelf to gather dust.

The positive impact of having a strategic plan in place is widely acknowledged. Research at Stanford Business School, one of the world's leading business schools, provides some interesting

⁹ Oxford Dictionary

¹⁰ Strategy is a pathway. In 1962, classical management theorist Alfred Chandler coined the saying, "Structure follows strategy". His simple insight into the deployment of strategy has shaped organisations throughout the world. Like an army at war, an organisation must determine its end goal, select the best strategy to achieve that goal, and deploy its troops in a structure that enacts the strategy. However, Chandler's clarity has been lost in time. We have come to use his adage to justify strategy, and this was never Chandler's intent. We have forgotten that strategy is not an end in itself.

statistics. In 1970, Stanford surveyed their MBA graduation class.¹¹ The survey results divided the class into three segments.

1. No strategic plan – 81%
2. An unwritten strategic plan – 16%
3. A written strategic plan – 3%

In 1990, Stanford again surveyed the 1970 class, with the following results.

1. The 16% with an unwritten strategic plan had accumulated a net worth greater than the total net worth of the 81%, who had no strategic plan at all.
2. The 3% with a written strategic plan had accumulated a total net worth far in excess of the total net worth of all the rest – 97% of the class.

Strategic planning not only makes an impact on general businesses but makes a big impact in day- to-day farm decision-making. In effect; it allows for better financial performance and better decision making. Strategic planning brings clarity not only for the owner of a business but also for all stakeholders involved in that business. However, as the name suggests, you must plan the delivery of your strategy.

As Australian Nuffield scholar Damien Smart suggests it is a tool to facilitate goals

Sometimes you forget your plan is there, but then when you think about it you are making decisions that are in the plan. When you pick it up and read it, it is an acquisition tool and we make sure things are ticked off if we do go ahead or don't go ahead. It's certainly used all the time and if anything drastic needed to change, it would change. The direction the business has gone has pretty much followed what our business goals stated.

Smart, 2011

¹¹ Built to Last, 1994. Collins Porras Random House

As Michael Dowling, Head of Agriculture within Allied Irish Bank, comments it is a tool that has admirers.

“Banks love businesses with a very clear plan and very clear strategy.”

Dowling, 2011

1.3 Elements of the strategic planning process

There are two elements of the strategic planning process that act as inspiration and direction to the planning process. These are **Mission Statement** and **Vision Statement**.

A mission statement outlines “who we are and what we do” relative to current business activities. A businesses mission is not ‘*make a profit*’. The real mission is always – ‘*What we do to make a profit*’. The central core of every mission statement should be a clear, brief statement of purpose; the ‘**why**’ of every strategy.

Some examples of direct and powerful mission statements are:

Michael Murphy’s mission statement:¹²

‘Dairy farming for fun and profit’

Microsoft’s Mission statement:¹³

‘Enable people and businesses throughout the world to realise their full potential’

Smithfield Feedlot’s mission statement:¹⁴

‘Striving for excellence’

If a mission statement outlines the present actions of a business, a vision statement defines the way the business looks into the future. It is a long term idealistic view of the future. Each business needs to have a vision for how it will look in 5, 10 or 20 years’ time to answer the

¹² Michael Murphy is a successful Irish dairy farmer.

¹³ Microsoft is a large multinational computer software company.

¹⁴ Smithfield Feedlot is an Australian farm business specialising in beef production.

question **Where are we going?** It is this vision that will drive what the business wants to become.

Michael Murphy's Vision Statement:

'To be world class at converting grass to high quality milk through excellent genetic cows'

Microsoft's Vision Statement

'Create experiences that combine the magic of software with the power of internet services across a world of devices'

Smithfield Feedlot's Vision Statement

'To be a leading agricultural group specialising in the production of quality beef and the provision of professional services to the beef industry'

The vision statement relates to the values of the business and determines how it and the people working within it behave. If a mission statement answers *Why are we in business?* A vision statement informs how a business functions and answers *How do we do business around here?*

1.4 Strategy formulation

Together the mission and vision statements drive strategy and once they have been identified it is important to define your businesses goals. In essence they are the targets towards which your business directs its efforts. Clear goals provide the basic foundation for strategy formulation, strategy implementation and action planning. Each business needs both short term and long term goals. A widely regarded acronym for goal setting is S.M.A.R.T. Goals should be:

Specific: Goals need to be concrete and detailed (short term goals can be less detailed);

Measurable: Goals need to be able to be measured in time, money or by another system;

Action-oriented: What are the actions that need to be taken to achieve the set goals and by whom?

Realistic: Goals need to be realistic (although they can be challenging) and resources need to be considered to realise goals;

Time specific: Consider and set a time frame for goals. These can be short term goals (within the year) or long term goals (one, five or ten year goals).

Marshall E. Dimock, political scientist, once stated that businesses goals can be used much as navigators use the North Star: “*sight it on your compass and then use it as a means of getting back on track when you stray*”.¹⁵

Formulating a strategy for an organisation involves developing a cohesive plan for achieving objectives by adapting the organisation in an appropriate way to its environment. The strategy is the business’ best efforts to think smart about its future; how to position itself, how to forge tight links with its stakeholders, how to build upon or develop its internal competencies and how to prepare for environmental shifts.

Strategy formulation is primarily an analytical effort that relies heavily on executive judgment and creativity.¹⁶ Every farm owner in Ireland is capable of analysing their operation. However, we must recognise that human limitations, prior experiences, and biases will affect our analyses. In simple terms, we can analyze our operation but it is important to consider if we doing it correctly and without bias. It is notable here that other critical business concepts, notably corporate governance - discussed later in this report - can significantly contribute to delivering a successful strategic plan contributing significantly to the progress a business makes

Conclusion

Strategic planning is a living **process** that allows a business to deliver on its plans. These very detailed plans contain aims and goals for the businesses over a five or ten year time frame and deliver results for farming businesses all over the world. If farmers aim to invest money on their farms it is critical that money is spent in the right areas and this spending is understood as part of a bigger plan, a strategic plan.

¹⁵ Dimock,M.,E. 1945. The Executive in Action. Harper and Brothers, New York

¹⁶ There are many tools for assisting in this analysis such as a SWOT analysis. SWOT is an acronym for strengths, weaknesses, opportunities and threats. It allows you to consider the businesses strengths and weaknesses so you can mitigate its threats or capitalise on its opportunities and inform planning and goals.

Chapter 2

Stakeholder Management

2.1 Introduction

Stakeholder management supports a business in achieving its strategic objectives by creating positive relationships with stakeholders through the appropriate management of their expectations and agreed objectives. It is a process and control measure that is driven by a farm business' strategic plan.

While stakeholder management is not a term that comes up very frequently in agriculture in Ireland today, it must become a standard practice as it is in many other sectors and should be embraced by all agricultural businesses to help them grow successfully into the future.

As outlined by the findings of the Deise 1250 discussion group *Ladders of Opportunity*, land mobility is not Irish agriculture's limiting factor, but the **inability to manage relationships** will be agriculture's biggest stumbling block in the future.¹⁷ With this in mind it is essential to consider the value of managing a business' stakeholders.

2.2 Who is a stakeholder?

The phrase 'stakeholder' was first defined in an internal memo at the Stanford Research Institute in 1963 and it described stakeholders as, *'those groups without whose support the organization would cease to exist.'*¹⁸ Since then the term stakeholder has been used to mean *'someone who has an interest in a deliverable or outcome'*.¹⁹

Stakeholders are pretty much everyone with whom a business interacts from one end of the year to the other. They can also be the people we will or would like to interact with into future to help grow the business. Their impact on the business is not predetermined but can have significant potential to contribute to the business, but only if managed correctly. Significant opportunities to

¹⁷ *Ladders of Opportunity* refers to the September 2011 research programme report.

¹⁸ Freeman 1984 Strategic Management: A Stakeholder Approach

¹⁹ <http://www.my-project-management-expert.com/who-is-a-stakeholder.html>

positively influence stakeholders' perceptions and expectations for the business are only possible when there is a good relationship in place. As a business becomes more successful it will increase its effect on its stakeholders and, most likely, increase its stakeholders. The more people you affect, the more likely it is that your actions will impact people who have power and influence over your projects. These people can really help you achieve your goals, or they can just block them. Some example of stakeholders within farming are: a spouse, business partners, leasers of land, other land holders around you, bank manager, accountant, employees, consultants and contractors.

2.3 What is stakeholder management?

Stakeholder management is a process by which we identify the key stakeholders specific to our business and win their support in order to grow the business to its full potential. In short, it is the management of these groups/individuals without whose support the farm business would cease to exist.

In Irish farming, the tendency is still to discuss only the technical side of farming. Grass and cows are important but are only one part that will deliver growth to farming businesses, but of equal value are our relationships with our stakeholders such as our financiers. We need to change our thinking and the language we use with such stakeholders to incorporate all the elements of farming, including finance and business strategies.²⁰ For farming businesses to grow there needs to be an excellent relationship with our financiers, or in essence, know your core driver and understand what drives your business.

A senior agricultural banker explained to me that Irish farmers, in his experience, have a perception of stakeholders and associations relevant to their business which is not a beneficial perception if a business wants to develop. This financier explained it within a framework described as *circles of trust*. (See figure 2.1)

²⁰ An example of this is the current experience in banking where the banking community is viewed as the problem sector that created the Irish economic crash.

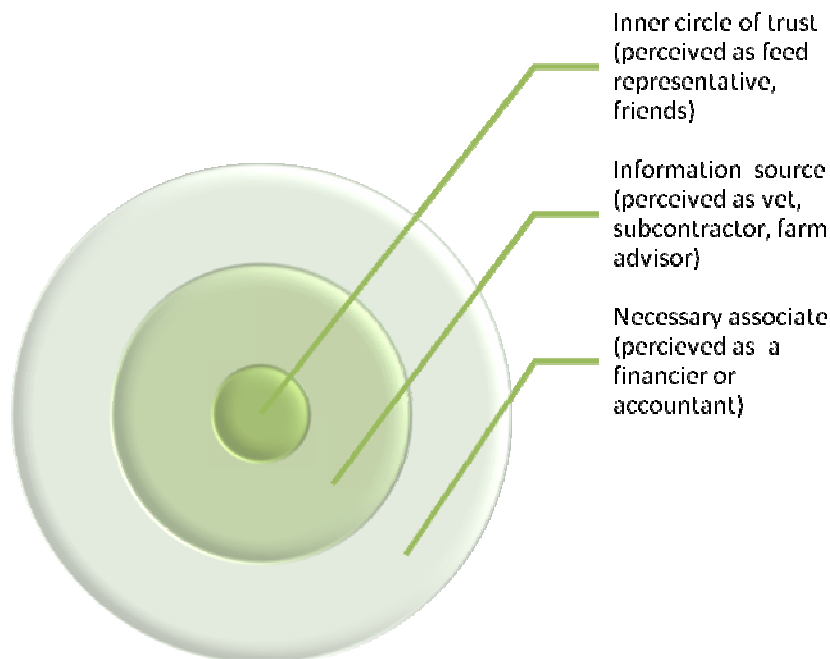


Figure 2.1 **Circles of Trust** (perceived by farmers and considered to be unbeneficial)

He would see the bank being perceived quite often as being in the outer circle and part of a necessary evil, joined there by an accountant who keeps the business tax compliant.

On these farms, there was also the second circle that includes the more practical and accessible vet, subcontractors, mechanic and farm advisor, for example.

In the trusted ‘inner circle’ are people most trusted by the farmer and on whose advice he/she makes key business decisions.²¹ However, these may be people who actually detract from the strategic aim of the farm due to a variety of factors, including lack of business skills, lack of impartiality or conflicting goals. When such a stakeholder does not have the farm’s profitability as their key aim, there could be a stronger risk of business failure. An example of people that could possibly be included in this circle would be the AI salesman or feed salesman.²² For example, the feed representative may give advice that doesn’t have the business’ farm profitability as the main motivation. On the other hand, advice given by the banker or accountant, while less palatable or less farming orientated, is more likely to have an impartiality that is profit- and productivity-driven. The reality of this view is that Irish farmers are not driven

²¹ In many cases there may be only one stakeholder in this circle.

²² AI: Artificial insemination

by the value of the stakeholder to the profitability of the business but the impact on technical farming needs. So what is the ideal scenario?

The ideal circle of trust would consist of one circle in which key stakeholders are, and feel part of, the business. Trusted Stakeholders would know what the business' mission, vision and goals are. They would be asked for their input in their areas of expertise and would have a keen interest in how the business was progressing towards achieving its goals. Every stakeholder would have the opportunity to play a key role in the business' achieving its goals.

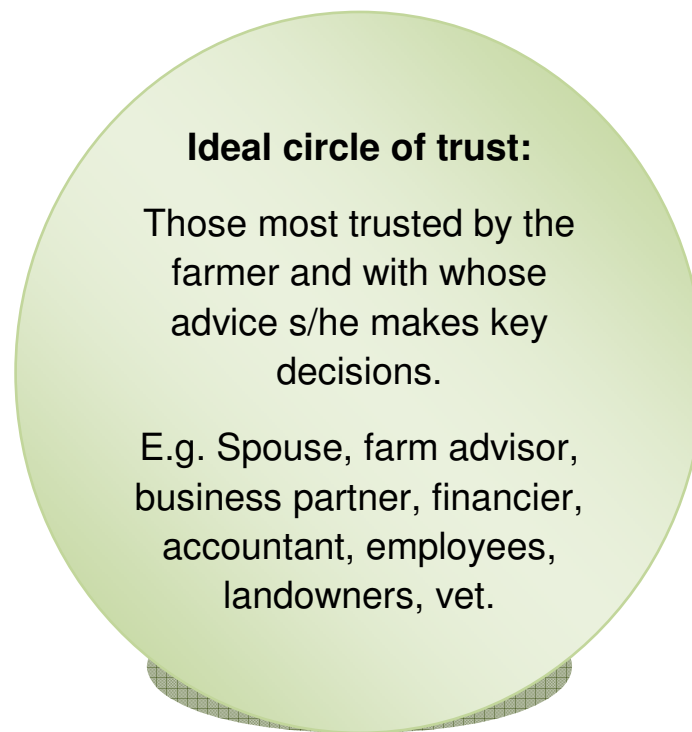


Figure 2.2 **The Ideal Circle of Trust**

Ideal circle of trust: Those within the single circle are the most trusted by the farmer and whose advice informs key business decisions. Some example of people that should be in this circle would include a spouse, business partners, employees, farm advisor, accountant, bank manager, consultants, solicitor, farming peers/mentors and industry leaders.

Ensuring the right stakeholders are in or placed in the circle is vital for a farmer to maximise the benefits to be gained from the stakeholders in the business. A farmer does not need to allow all stakeholders into the circle, but needs to ensure all those necessary to achieve key business goals are members of the circle of trust. It is for this reason that applying a process of stakeholder

mapping to a farming business allows you evaluate where you stand with each of your stakeholders.

2.4 Stakeholder Mapping

Stakeholder mapping is an important tool which allows a categorisation of stakeholders so each can be managed appropriately. It is an important business tool which identifies and assesses the effect of an individual or group of stakeholders on a business. In an interview with James O'Connor, General Manager of Global MBS Operations and a farmer's son from Co Wexford, he outlined five key principles to successful identification, mapping and management of stakeholders.

Principle 1: Identify key stakeholders

It is important to define and identify key stakeholders so relationships can be nurtured appropriately.

Principle 2: Break these stakeholders into categories of importance to your business

This can be done using a stakeholder map, as shown here:

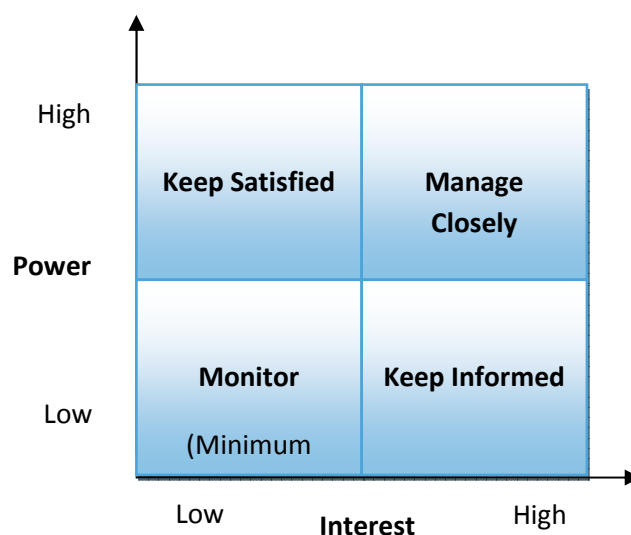


Figure 2.2 **Stakeholder Map Using the Power Interest Grid Model**

- **High power, interested people:** these are the people you must fully engage and make the greatest efforts to satisfy - Spouse, business partner and employees.
- **High power, less interested people:** put enough work in with these people to keep them satisfied, but not so much that they become bored with your message. They include: vet, leaser, bank manager, accountant, discussion group members, solicitor and consultants.
- **Low power, interested people:** keep these people adequately informed, and talk to them to ensure that no major issues are arising. These people can often be very helpful with the detail of your project. These include: land owners around you, neighbours, industry leaders and industry peers.
- **Low power, less interested people:** again, monitor these people, but do not bore them with excessive communication. Examples of this group would be agricultural contractor employees, milk tanker driver and sales representatives.

Don Madden, Australian Nuffield scholar, explains the importance of relationships to Smithfield Feedlot:

“Maintain the stakeholders of most importance to you. Some relationships are more important than others. It depends on the service they are offering, know how important the service is to the business and work hard at these relationships.”

Madden, 2011

Principle 3: Identify a number of key stakeholders to deliver your strategy

You will need to identify the key four or five stakeholders in your business that will help you achieve success. You will need to know as much as possible about them. You need to know how they feel about your business. You will also need to know how best to engage with them and how best to communicate with them.

Don Madden, outlines who the key stakeholders are to Smithfield Feedlot:

“...family members with any involvement in the business, shareholders, the section managers around the feed line and for that matter most of the feed line employees, our bank, our accountant, and also our key customers.”

Madden, 2011

Principle 4. Once stakeholders are identified-build your strategy from where you want to take your business

Stakeholder mapping allows you to examine the influence stakeholders have and the relative likelihood of their using that power. The aim of mapping is to show which stakeholders have the greatest potential to affect your business and therefore allows you to decide on the level of management your stakeholders require.

Thompson (2010) outlines key questions that can help you understand your stakeholders. These questions are applicable to every farming business which wants to understand their stakeholders.

- What financial or emotional interest do they have in the outcome of your work? Is it positive or negative?
- What motivates your stakeholders most of all?
- What information do they want from you?
- What is their current opinion of your work? Is it based on good information?
- Who influences their opinions generally and who influences their opinion of you?
- Do some of these influencers therefore become important stakeholders in their own right?

23

²³ Other questions of importance are: How do they want to receive information from you? What is the best way of communicating your message to them? If they are not likely to be positive, what will win them around to support your project? If you don't think you will be able to win them around, how will you manage their opposition? Who else might be influenced by their opinions? Do these people become stakeholders in their own right?

A very good way of answering these questions is to talk to your stakeholders directly. People are often quite open about their views and asking people's opinions is often the first step in building a successful relationship with them.

Principle 5: Review

Once a relationship is formed, it is important to keep that relationship alive and effective. Essential to this is reviewing and monitoring the relationship and communication within that relationship and altering elements if necessary. A simple way of doing this is to keep a separate notebook for each stakeholder to catalogue the development and progress of the relationship. If the relationship is not progressing, the communication plan may need to be changed.

James O'Connor of Microsoft considers stakeholders as part of the business team. As leader of the team it is important to consider who is on the team and how to manage them.

'All stakeholders form part of your team who will drive your business. As the leader of this team you will be busy, therefore you must manage your time effectively by managing your team. Think "Who is on my team?" Always be ready to deal with the person who is not delivering for you. Be constantly asking yourself who am I missing or leaving out from my team?'

O'Connor, 2011

As relationships change, you must set up time for discussions which are clear and of interest to both parties. O'Connor continued by saying:

"It is very important to keep contact, contact, and contact with all stakeholders. It is very important to strike up the right conversations with all stakeholders. Build credibility and trust by ensuring confidential conversations are kept confidential. Always show integrity and do small things to help others".

O'Connor, 2011

2.5 Conclusion

Stakeholder management is a process that many successful multinational and small businesses use to deliver growth to their businesses. Farming is now a people business and land will no longer be the limiting factor for Irish farmers. From now on how we manage relationships with the stakeholders in our business from one end of the year to the other will be the key factor for growth. Stakeholder analysis and management are the tools that will facilitate growth and the delivery of results in a farming business.

Chapter 3

Corporate Governance

3.1 Introduction

The final and binding of all three concepts is governance, generally referred to in most organisations as corporate governance. This sounds like a very rigid, big structure that seems far from applicable to Irish agriculture. However, some of the most profitable and successful farmers in Australia and New Zealand have implemented corporate governance concepts in their farming businesses and it has delivered positive results for those businesses and continues to do so. As many Irish farming businesses move from sole trader to limited company trading, it appears to be the correct time to embrace corporate governance, not only as it is a legal requirement that a corporate structure is in place for the business but so that it positively impacts on Irish agriculture. Such positive impacts include (a) accountability and discipline, (b) implementing the business strategic plan, (c) bringing outside strengths into the business, (d) risk reduction, (e) succession planning.

Brendon Smart, Australian Nuffield scholar, implemented a corporate governance structure twelve years ago and it has allowed his farming business to grow four and a half times in that time frame.

“In the ten years before we implemented full corporate governance our net worth grew by 7% a year. In the twelve years since the introduction of corporate governance our net worth has grown by 18% a year”

Smart, 2011

3.2 What is corporate governance?

The Oxford Dictionary defines governance as: *to rule with authority, to conduct the affairs of an organisation and to influence or direct.*²⁴

Corporate governance is a board or body tasked with influencing and directing focus on an organisation through which a *set of processes, customs, policies, laws and institutions affecting the way a company is directed, administered or controlled.*²⁵

New Zealander, Richard Westlake (2011), describes good corporate governance as ‘*a collective, consensus-based decision making body, where the whole is greater than the sum of the individuals.*’²⁶ While another New Zealander, James Lockhart (2011), develops the definition of corporate governance further by stating that the required result of good corporate governance is ‘*exemplary company performance*’ and more about ‘*effective collective decision making than it is about structure and form*’.²⁷

3.3 Accountability/ discipline

Irish agricultural businesses, or any business, can fail to deliver on budgets drawn up at the start of the year. This is sometimes due to a lack of monitoring throughout the year. A farmer’s natural tendency is to stick to field work during busy periods and not put as much emphasis on areas like financial monitoring. However, through a system whereby the farm owner has to present the farm performance and cash flow to the board every four months, a discipline will arise for the farmer to ensure farm forecasts are met. Thus making a farmer more accountable improves the output of the farmer. This encourages the farmer to work smarter through planning and can result in working fewer hours. This has the positive knock-on effect of creating more time for family, hobbies and other activities.

²⁴ Oxford Dictionary, 2008.

²⁵ <http://www.bizstartup.ie/start-up-kit/category/5-business-structure-basics/item/17360-understanding-corporate/>

²⁶ Westlake, 2011 Side Conference New Zealand

²⁷ Lockhart 2011 Primary Industry Management

As part of good governance the ability and formality of completing a profit and loss, cash flow and balance sheet every quarter is a great discipline. This discipline ensures forecasts are in line with what happens. This was outlined well by Australian Nuffield scholar, Damien Smart,

“We have a part time CEO, and my brother and I who manage the two operations meet with him. Dad will sit in on it sometimes, there isn’t a need for him to but he does sometimes. Then we present the financials at the Board meetings. With the part time CEO we meet once a month and update our production schedule and our livestock and present the financials, the actual and the forecasted budgets.”

Smart, 2011

3.4 Implementing the strategic plan

The most important function of corporate governance is to make sure you stick to your strategic plan. It also creates a continuous forum to review and update your plan because it is suggested that 30% of a board’s time should be spent planning for the future.

“One of the objectives of our Board was to develop a strategic plan so we met with a couple of external consultants and we now meet to modify this plan when we need to. We call it our bible and it includes our business and financial goals and it goes into things like succession and what the family members want to achieve.”²⁸

Smart, 2011

3.5 Outside expertise

Getting expertise from outside the business to assist in reviewing the performance and to assist in drawing up its future plans on a quarterly basis can add value to any business. Those with

²⁸ I mentioned here the success that Brendon Smart has experienced due to corporate governance. The Smart structure consists of two family directors and four external directors of which one of these is a chairman. Smart’s bank manager is invited as guest observer to board meetings. The board has a part time CEO and meets 3 times per year. Damien outlines the process; *“Monthly there is an obligation on us to meet with our CEO and at that meeting we discuss stock schedules and production schedules and any adjustments that need to be made. This is the two business managers plus dad. The managerial roles for myself and my brother are not generally discussed at that meeting unless there is a need for it. There is a set agenda, financials, production, whatever and there is a forum to talk about anything you need to”*. Damien Smart, 2011

different skill sets or more or different experience can re-invigorate plans and input fresh perspectives adding great value to existing and new plans.²⁹

3.6 Risk reduction

The function of corporate governance is to reduce risk to the overall business by creating a formal process of business risk evaluation on a quarterly basis by ensuring that there is a plan for managing potential risks to the business. Such risks could be an increase in interest rates, a reduction in milk price, or even succession planning to ensure minimal disruption to the farm, for instance, should something happen to the main driver of the business. Risk reduction facilitates a thought process that can evaluate questions such as:

Will this business deal effectively

- Without the main business driver?
- With a milk price drop?
- With an interest rate rise?
- With health and safety assessment?
- With on farm inspections for animal welfare or environmental audits?

Risk reduction management is important in providing clarity to a business. Michael Murphy, a successful Irish dairy farmer outlines its need in farming:

“When farming businesses are going to grow, the amount of money being borrowed will also grow. The bank will ask the question ‘do we really want to have 10 million lent?’ There is very limited backup to just one person. What happens if something happens to that person? Is there a clear succession plan in place? Is there a plan for managing risk? Interest rate rise risk plan? Payout drop plan? Are you absolutely clear on what you are going to do if there was a 30% drop in payout?”

Murphy, 2011

²⁹ Such examples of different experience could include a HR professional to consider best practice in employee relationships, or engaging an innovative thinker in leadership in agriculture.

3.7 Succession planning

Succession planning is an area that is very poorly catered for in agriculture in Ireland at present. Two generations of a family can work together for years and never be clear on how a family farm can move from one generation of the family to the next. Corporate governance creates the forum for discussing how the farming business will be handed over to the next generation. This forum allows for awkward questions to be asked. As Brendon Smart outlines below succession is on the agenda at all of their meetings. It's a lot easier for an independent person with no emotions about the business to ask these questions.

“All of our succession is on the table. At every board meeting there is an agenda item ‘Succession: what’s happening?’ All of our sons know what’s happening; they know where everything is happening. There are no secrets, no surprises.”

Smart, 2011

Leonie Guiney, former Irish consultant now working in New Zealand, outlines her views on how she views Irish agriculture in dealing with succession.

“Succession and succession planning is the white elephant in Irish agriculture that everybody is ignoring and failing to discuss.”

Guiney, 2011

Sian Bushell, a family succession planner concurs,

“Succession [...] everyone knows it's there but no one wants to talk about it. The result is a family who are unsure of their future and this leads to frustration and insecurity. Also lack of a proper decision making process leads to a stagnant business and unhappy people”

Bushell, 2012

Succession planning provides great security to Smithfield Feedlot business as Australian Nuffield scholar Don Madden further outlines:

“Succession planning has set some clear rules as far as our shareholdings go and our dividend policies, we set some clear rules so we know exactly who owns what and this gives

the business great security. You can plan more and you haven't got somebody saying they are selling their shares as they simply can't under the agreement."

Madden, 2011

Sian Bushell outlines her view on the importance of having a forum to discuss succession.

"Succession will happen. It will either be a disastrous event or a carefully planned process. Succession should be an integral part of the farm business plan. This would ensure decisions were made in good time and family members were clear about future plans; thus avoiding unnecessary expense and risking damage to relationships. It is also essential to have a proper decision making process to ensure everyone is listened to with respect and their ideas considered."

Bushell, 2011

3.8 The role of the limited company structure within Irish agriculture

A lot of Irish agricultural businesses are now considering corporate structures for commercial reasons. A corporate structure is suited well for a business in expansion mode or to businesses that have borrowed heavily to function and/or to grow. The incorporation of Irish agricultural business has become very attractive because the business can avail of the following benefits:

- Retain more profit in the good years to keep aside for the bad years as farm commodity prices have now become volatile
- Retain more profit to invest back in the business to help it grow
- Farm businesses that have borrowed heavily to invest in environmental and water quality infrastructure over the last few years will retain more financial profits to pay down that debt.

Noel O'Brien, of Collins O'Brien Accountants, outlines his view on corporate structure in Ireland:

“I think that limited companies are a viable way forward for some farmers but not for everybody. We believe that suitable candidates must have a good knowledge of finance and must understand compliance deadlines. We consider the following issues when deciding to transfer the business to a limited company:-

- *The farmer must be expansionary*
- *Highly borrowed in some cases*
- *Various stages of development*
- *Low drawings*
- *Understand the concept of profit /cash retention within the company to cover periods of volatility”*

“At present, some farmers are considering the option of incorporation and we actively encourage this. It is important to remember that this form of legal entity has existed in Ireland since the Companies Act 1963 so this is a well established system. It is tried and tested and one could argue that it is a better system than the normal sole trader or partnership system which exists here. On a cautionary note, farmers must realize that it is a long term decision and it needs careful consideration. Finally, corporation tax rates and rules can change so the decision to change to a company must be a commercial decision”

O’Brien, 2012

3.9 Conclusion

Irish agriculture is a profitable and successful industry that has bucked the recessionary trend that most other businesses have suffered in recent years.³⁰ We are now entering a period where farmers have the opportunity to grow their businesses in a more structured fashion and we can learn from established corporate structures. As many farmers move from being sole traders to trading as limited companies, corporate systems are implemented, but only if the correct systems are in place can it function optimally. With corporate governance there is a discipline and

³⁰ <http://www.teagasc.ie/agrifood/>

accountability that facilitates better growth and affords opportunities to build a successful business and grow Irish agriculture.

Chapter 4

Conclusions

4.1 Introduction

This exploratory study sought to find out “*What are the critical business concepts for growth in Irish agriculture today?*” This question is very important to Irish farmers at present as the fortunes and future of Ireland and its farmers go hand in hand.

The study has explored the same concepts that successful farming businesses and multi-nationals implement to deliver success. We need to learn from these businesses outside agriculture which are leaders in their field such as Microsoft, and modify their management concepts to suit our industry.

A farming business is not so different from a multinational corporation like Microsoft. What underpins both is that they are people businesses that require structures to operate successfully.

There are undoubtedly numerous business practices and structures that have strengths and weaknesses when related to particular fields of business. The three most useful, and per my research, the most empowering and successful to the farming community are strategic planning, stakeholder management and corporate governance.

4.2 Strategic planning

Strategic planning is the process that delivers for farmers all around the world. It is essential that strategic planning becomes part of the everyday life of Ireland’s farm businesses. It is especially critical at this time in Ireland when people are preparing to grow their businesses post the removal of European milk quotas. If a business doesn’t know what its goals are, it is very hard for those goals to be achieved. However, with clearly defined goals success is almost guaranteed

as was shown from the Stanford business school survey of its students. It is not the norm for farming businesses to have mission or vision statements but, if as business drivers, we want to achieve goals and lead people, we need to consider these as critical factors in defining the destination of our business. If the business is not clear on this point, how can the business expect to successfully lead its people to success?

4.3 Stakeholder Management

While stakeholder management is not a term that comes up very frequently, if ever, in agriculture in Ireland today, it must become standard practice as it is in many other sectors and should be embraced by all agricultural businesses to help them grow successfully into the future.

Stakeholder management is a concept that many successful multinational and small businesses use to deliver growth to their businesses. As a farming business grows it becomes evident how reliant each business is on people to deliver results for its sustainability and growth. As Irish agriculture today is a people business, land will no longer be the stumbling block for Irish farmers. From now on how we manage the relationships of the stakeholders in our business from one end of the year to the other will be the key factor for growth. Stakeholder analysis and management are the tools that will facilitate delivery of results in a farming business.

4.4 Corporate Governance

Governance is a structure that has come specifically from the business world. This concept is most commonly called corporate governance and some of the most profitable and successful farmers in Australia have implemented governance concepts in their farming businesses and it has delivered results for those businesses and continues to do so. It is a structure we need to embrace and implement, being especially applicable to Irish farmers setting up their farm businesses as limited companies. Irish farmers trading as limited companies have the opportunity to implement good corporate governance. The structure has already been created so there is no reason not to maximise the benefits it can bring to the farming sector by encouraging more disciplined planning, better decision making and increasing the capacity of the business to grow profitably.

4.5 The value of these concepts to Irish agriculture

Each of these concepts has value independently of each other, but when interlinked they are hugely powerful and more valuable than a single structure. If understood and employed properly, they can be of huge value to Irish agriculture not only in upgrading farming to a more business level but by doing so increasing profitability.

It is imperative that we understand that Irish agriculture is competing in a global market. Ireland will inevitably have to adapt to an increasingly competitive playing field or risk losing market share and being left behind.³¹ So why not adapt now so that we are in the game.

If we keep doing what we are doing - not planning with a strategy, focusing our energies on stakeholders that are not essential for our businesses and having inadequate structures to run and grow our businesses - the likely outcomes are failed opportunities, lack of profit and stressed or failed interpersonal relationships. As mentioned previously, there is an inherent flaw in the *Food Harvest 2020 Report* that assumes a level of readiness to develop and implement change. For most Irish farmers the skill sets and the concepts are not in place. It is imperative that we educate farmers in the underlying business skills required to run their business in 2012 and into 2020 so they can hope to achieve the targets.

If farmers have inadequate or no business structures, such as those outlined within this report, failure and its consequences are a given. It is understood and accepted that not every farmer needs to grow, just as not every business needs or wants to grow but if these concepts are not understood and incorporated by those who do, the ability to achieve growth or reach targets, such as those set out in the *Food Harvest 2020 Report*, is severely restricted. However, if these strategies are embraced successfully they will fuel targets and drive success.

³¹ Ireland as a commodity producer has to be aware that what we produce can also be produced in other countries. This mean we must compete with all other commodity producers and strive to be competitive.

Chapter 5

Recommendations

5.1 Introduction

The outlined concepts have shown to be effective in growing businesses as testified by successful farm businesses that I have interviewed. It is possible for these concepts to be applied in every farm in Ireland if it is a goal for their business to profitably grow. Outlined here are a number of recommendations that I believe farmers, farming agencies, financial institutions and government departments should take on board to integrate, develop and grow these concepts in order to develop and support not only the progressive farmer but agriculture as a whole in Ireland.

5.2 Management of relationships

Stakeholder management needs to become part of the day to day language of farmers. Irish agriculture needs to talk about stakeholder management, circles of trust and stakeholder mapping formally at conferences, and informally among farmers within discussion groups.

Recommended Action:

Understand the value of each relationship to you and your business and invest in these relationships. A stakeholder analysis can be stimulated by advisors and/or discussion groups using the management tools: circles of trust and stakeholder mapping. This could be part of the DEP scheme, but should be part of annual group comparisons review.³² Similarly, the culture of avoiding the discussion of

³² DEP scheme: The Dairy Efficiency Programme (DEP) is a programme designed to promote farmer participation in discussion groups. Participants will all be dairy farmers and the programme will promote them to adopt best practice in: Grassland Management, breeding and financial management.
http://www.teagasc.ie/advisory/dairy_efficiency/

relationships can change to become an integrated part of group/farm monitoring. These challenges are prevalent and need to be acted upon now. Teagasc, ACA members, the IFA and farming media, need to drive this and leading dairy farmers such as the members of the Blackwater, Damer, Navan, Crookstown and Deise 1250 Discussion Groups³³ need to embrace the development opportunities.³⁴

5.3 Adapt new technologies and concepts to grow

Farming has changed from being a way of living to a business. It has evolved and now embraces financial measurements, but it has some way to go and financial measurements are only one element of running a successful business. Irish farming needs to adapt new technologies and concepts in relation to people management and business development. Twenty years ago, farm advisors and advisory services focused on cash flows, budgets and cost comparison between farms. These were considered contemporary elements that were needed for a successful business. Today these concepts are in the common language of a farmer. We need to consider *today's* contemporary concepts that allow us to deal the complexities of *today's* business and farming world. This includes business concepts such as competency measurement, which non-farming businesses use to achieve performance. In Irish farming we are a pace behind the business world, measuring performance rather than measuring competencies.

Recommended Actions:

1. Teagasc and the major farming agencies need to agree a strategy for behavioural and business competency development amongst farmers. The civil service has been defining and measuring competency development since 2006 (some departments

³³ A discussion group is a forum for individuals to discuss various farming topics amongst each other. The Blackwater discussion group is based in Co. Cork. The Damer discussion group is based in the Midlands of Ireland. The Deise 1250 group is a discussion group based in West Waterford. The Navan group is based in Co. Meath. The Crookstown discussion group based in Co. Cork.

³⁴ Teagasc is the agriculture and food development authority in Ireland.

ACA: Agricultural Consultants Association.

IFA: Irish Farmers Association

more effectively than others). If this focus on behaviours, as well as tasks, has been prevalent across other sectors for nearly seven years, the time has come for the agriculture sector to adopt some of these learnings and skills.³⁵

2. An ideal scenario would incorporate an agency within the *Food Harvest 2020 Report* that would be responsible for delivering behaviour competencies and other new technologies to Irish agriculture.

5.4 Strategically plan

Strategic planning needs to become part of everyday language in Irish agriculture. We need planners; people who can help farmers understand the benefits and skills of effective planning. Teagasc and the ACA have a number of advisors who are effective at planning, but this skill is not consistent throughout these organisations, and consequently is not cascading down through the discussion groups as it needs to. Farmers need the expertise, assistance and strategic tools of an experienced strategic planner to help develop agricultural strategic planning and understand the processes that are associated with strategic development, considering development beyond subsidies.

Recommended Actions:

1. Financial institution should promote the strategic planning process by making a strategic plan part of their lending agreement. The evolution of the plan can be monitored on an annual basis.
2. Accountancy practices should assist in the promotion of the strategic planning process and be part of the evolution of the plan with their clients.
3. Educate those to deliver advice using the mentoring expertise of a team/panel of effective strategic planners
4. Make it a prerequisite for farmers to have a living strategic plan to engage in discussion groups and on Teagasc programmes.

5.5 Implement corporate governance

³⁵ See appendix 4 for an outline of competencies and HR strategies in Microsoft...

Irish agriculture needs help with the implementation of corporate governance at farm-gate level. Irish agriculture needs to be shown in public how a farm is set up as a corporate board and run effectively. We have a successful example of the technical side of running a farm with the Kilkenny Greenfield site, but we are not being shown how to run a farm as a business with multiple partners using corporate governance. It seems we can learn from the oversights from Greenfield Kilkenny in how it was set up.

Recommended Actions:

1. The Department of Agriculture and Teagasc should design and publish governance best practice as a prerequisite for collaborative farming arrangements.
2. Teagasc and the ACA to provide support and expertise to farmers through discussion groups and on a 1:1 basis advising on good governance procedures. Farmers need to be informed on the requirements of good governance, given guidance in the annual evaluation of the business and supported in drafting an annual report which details governance procedures.
3. A panel of mentors such as farmers and industry leaders should assemble to promote collaborative farming, good governance and to inform Irish agriculture of the possible pitfalls of poor governance when running farming businesses with more than one key stakeholder or investor.
4. Good governance best practice needs to be promoted and adopted amongst Ireland's leading dairy farmers such as the members of the Blackwater, Damer, Navan, Crookstown and Deise 1250 Discussion Groups.
5. Set up a new Greenfield site that is run by a corporate governance board with the ins and outs of the board, positives and negatives, available so all may learn.

5.6 Cross collaboration between industries

There are new technologies and supporting strategies that businesses outside of agriculture are embracing to grow. Irish agriculture needs to embrace these new technologies and strategies to also grow effectively. Businesses learn from each other on a variety of levels, from research and

development to business strategies. Many core concepts have a multiplicity of uses across many sectors, be they IT, business, education, financial services, and we should consider the value of systems outside of the farming business that can innovatively contribute to the advancement of agriculture.

Recommended Action:

1. Irish agriculture should look at using new technology and contemporary business strategies that Irish agriculture needs. Department of Agriculture, Teagasc, ACA should look at what successful multinational companies such as Microsoft are doing and bring it back to Irish agricultural so we can grow our industry in line with other industries.

In conclusion, I believe wholeheartedly that these critical business concepts can make a difference to farming and I have taken my own advice and have started to implement all the concepts outlined in this report in my own dairy business. My wife Audrey and I have started the strategic planning process with a professional farm business planner. The clarity and control that comes to all areas of our lives with every planning meeting is enormous. We are in the process of setting up a corporate governance board for our farming business as I passionately believe it can prosperously drive our business forward. My view of our dairy farm business has completely changed from when I started on my Nuffield journey. I understand now that our business is a people business and if we want to grow our business it will be done by using key business concepts and with the support of our many stakeholders.

Acknowledgements

I am eternally grateful to Nuffield Ireland and The Peter Daly Trust for facilitating my journey and experiences gained over the last two years. I am also grateful for the opportunity to meet and share travels with some great people who are part of the Nuffield international family.

My thanks to the many hosts and interviewees, who gave up their time and knowledge to assist and guide me, not only in my area of interest but also in gaining a broader understanding of how the world works across a vast range of issues.

To Martin Baluch, a special thanks for keeping the farm running while I was away.

Most of all and most importantly, immense gratitude to my wife Audrey, who not only managed to deal with my absence but who embraced the whole Nuffield experience and continually encouraged me to maximize the experience.

Appendices

Appendix 1: Index of supporting key concepts or phrases

Here is a list of concepts and phrases that are key to developing an understanding of the critical concepts outlined in the text. Although the undermentioned phrases are, by in large, not used in the text, it is believed that they may be of benefit to the reader in further investigation.

Management Competencies

Competencies describe behaviours that differentiate outstanding results from typical results. Competencies for management are a profession-specific set that define the proficiency levels expected at varying stages of a management career at Microsoft.

Proficiency in these competencies enables management professionals to positively impact and contribute to the success of our employees and our businesses.

Confidence

Confidence is a belief in one's own capability and in the organization's capability. People who exhibit this competency select an effective approach to a task or problem, regardless of the situation. They take on increasingly challenging assignments with a "can-do" attitude and expect a positive outcome. Confident people believe that persistence and hard work yield results, and they exude optimism.

Cross-Boundary Collaboration

Cross-Boundary Collaboration is the practice of effectively working with individuals and organizations outside of one's immediate work area or span of control. People who exhibit this competency create increased benefits and successes through collaboration and by sharing ideas and resources. The end result benefits not only the groups that work together, but Microsoft as a whole.

Developing People

Developing People is the practice of discussing development needs and career strategy with employees and providing them with opportunities and visibility, as well as advice and

counselling. People who exhibit this competency show a sincere interest in developing talent for the benefit of the employee and Microsoft. They demonstrate skill in guiding new employees through an orientation process, coaching employees on their job performance, giving feedback, and suggesting corrective action as appropriate.

Enabling Change

Enabling change is the ability to effectively advocate for change. People who exhibit this competency have the ability to clearly communicate the business rationale for change and to gain the support of employees. They demonstrate skill in managing employees' concerns about their roles and career prospects during periods of change. They align roles, systems, and processes with the direction of the change in order to benefit from it.

Impact and Influence

Impact and Influence is the ability to generate support from others to achieve the desired business outcomes, especially in situations where there is no clear "ownership" of the issues under discussion. People who exhibit this competency apply it in a planned and strategic way, never randomly. They motivate people to want to follow them even when they don't have to. They are credible leaders.

Interpersonal Awareness

Interpersonal Awareness is the desire to understand other people. It is the ability to accurately hear and understand others' spoken and unspoken or partly expressed thoughts, feelings, and concerns. People who exhibit this competency understand the reasons for another's behaviour, even when that behaviour is subtle or complex.

Optimizing Resources and Budget

Optimizing Resources and Budget is the ability to "get more out of less." People who exhibit this competency value fiscal responsibility, utilize resources, and encourage employees to see the personal and business value of an efficient, frugal organization. They manage costs, optimize resources, and lead process improvements. Their teams are streamlined, economically viable, and fiscally competitive compared to similar organizations inside and outside of Microsoft.

Setting Goals and Expectations

Setting Goals and Expectations is the practice of clarifying expectations for performance and working with employees to establish specific, measurable goals and commitments. People who exhibit this competency focus on results during performance discussions and emphasize measurable outcomes. They implement processes and systems to assess an employee's progress toward individual and team goals.

Appendix 2: Quotes

I have placed here a number of quotes that were not included in the body of the report but which the reader may find interesting.

Influencing people:

Peter Nixon here outlines that you can achieve anything you want by influencing people. This quote **sums up my biggest learning over the last two years**. If you want anything you *can* have the power, control and opportunity. The question to ask is do we want to use that power, control and opportunity or not. If we do, we must implement and integrate these strategies into our daily lives which in turn will give us more power, control and opportunity.

“I’m a great believer that if you want to understand another person you have to listen and understand what his view of the world is. I don’t find it difficult to understand another person if you understand what motivates them and what their philosophy of life is. Understanding a person is really the first step to building a relationship with them. You mightn’t ultimately agree with them but you will understand why they made that decision instead of another decision. You will be able to tell what decision they will be able to come to and ultimately you will understand them. And if you don’t want them to take a certain action you can take action to avoid this situation if you understand their thought process.”

Peter Nixon, Australian Farmer, 2011

The importance of vision

“Visionary companies performed 55 times better than the general market. They also compared visionary companies versus non-visionary counterparts – companies that started at the same time – such as Motorola and Zenith, Disney and Columbia. Again vision driven companies proved more successful. Performing 8 times better than their competitors.”

Collins and Porras, 2005

Damien Smart provides his experience of objectives by outlining their importance in practice

“In our strategic plan we have got pretty clear guidelines for growth, returns on income, debt to income ratios and equity and these sorts of things. There’s things stated there on what our growth wants to be, what our returns on our capital wants to be, and our income to debt ratio and our equity. There’s a debt to equity [ratio] we don’t want to go past. There’s a comfort zone there we don’t want to go past and if we start getting in a good equity position it may be too good and we’d need to start leveraging again.”

Damien Smart, 2011

Don Madden Australian Nuffield scholar and managing director of Smithfield feedlot gives guidance on how to start the strategic planning process

“Ask other businesses of a similar size what consultants they use as far as planning and management strategies go and find someone you could work with, someone you are comfortable with and listen to their advice and try to enact their strategies. Then set yourself some goals to kick off.”

Madden, 2011

Management of stakeholders

“When managing stakeholders it is critical to display trust to build relationships. When sharing information however ask yourself “How well do you know your stakeholder and can I trust them with this information?” If you can trust your stakeholder then share and this will allow your relationships grow”.

James O’Connor, 2011

Corporate Governance

“It is a shame that while setting up this structure, particularly the ones that are going to grow, that they don’t think how can I maximize this structure? If you are setting up a structure don’t be looking at a structure that is adequate for the next few years. If you are heading for expansion you should think carefully of the structure of that business; a structure that will inspire confidence, will produce more disciplined planning and better decision making, increasing the capability of the business to make progress.”

Murphy, 2011

Appendix 3: Mission Statements

Companies' mission statements that are interesting to read, most notably as they reference people as core to their mission, but not appropriate for the text, are quoted here.

Nokia's mission statement:

“By connecting people, we fulfil a fundamental human need for social connections and contact. Nokia builds bridges between people – both when they are far apart and face to face – and also bridges the gap between people and the information they need.”

Apple's mission statement

“Apple is committed to bringing the best personal computing experience to students, educators, creative professionals and consumers around the world through its innovative hardware, software and internet offering.”

Appendix 4: Competencies and HR Strategies in Microsoft

Joe Ffrench, Human Resources Director of Microsoft Ireland explains how the Microsoft view of values is spoken about under the umbrella of competencies. He went onto explain that all staff, regardless of role, title or length of service need to work towards the same competencies, at different levels depending on their role.

Joe Ffrench outlined how Microsoft's HR strategy consisted of 4 elements:

- **Skills:** ensure employees have the skills to do the job
- **Leadership:** invest in leaders' skills and development and in turn leaders will develop their staff
- **Management:** Ensure management are clear on the objectives and direction of their business unit
- **Culture:** Create a culture of trust and incorporate company competencies into

everyday business

When asked how he implements this strategy he outlined the following steps:

- **Trust people:** Trust they want to deliver to the best of their ability
- **Show the impact being made:** People want to see the difference they are making. While this is a challenge its return is tenfold.
- **Communicate:** Showing the impact an individual is making is a clear method of communication as people understand what is being communicated as they themselves have delivered the impact.
- **Create the right culture:** Invest in recruitment. Who you hire goes on to define the culture. Trusting and developing people also shapes culture.
- **Develop people:** Everyone wants to feel they are developing. Having belief and confidence in those around you assists in developing people but also investing in people's development is required.

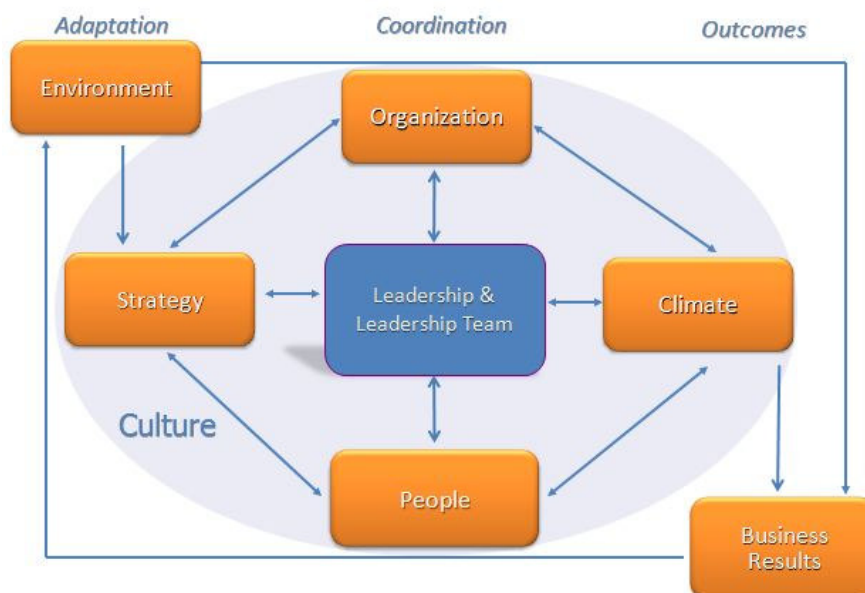
Microsoft quantifies development in the following proportions:

70% development is completed on the job

20% development comes from learning from their peers / managers

10% is formal training and development

Microsoft Systems Model



This diagram shows the Microsoft systems model. It shows the flow of communication and systems within the organisation and shows the importance of integrated

systems with people at its core.

Appendix 5: Managing Stakeholders Successfully

In order to understand how to manage stakeholders successfully, I asked a number of people what they see as important tactics in managing stakeholders successfully. Five key factors were outlined. These include:

Key Factor 1: Impact and influence

Microsoft are firm believers that showing stakeholders the impact they make in the business will engage and align them to deliver the goals and objectives you have outlined for your business.

When influencing stakeholders within your business it is important to understand the style which influences your stakeholder and this comes with understanding and knowledge of your stakeholders.³⁶

Additionally, when we speak about influence, it is also important to understand influence from the angle of those who are influencing your business. To put into context within the agricultural sector, the owner of the machinery contracting business may be a secondary influencer of your business within the community, while a primary influencer may be the employee operating the machinery as they may come into more contact with the stakeholders of your business.

Key Factor 2: Trust

Trust is not a word that we use in the agricultural industry but it was a word that continually came up in all conversations while interviewing Microsoft Ireland management.

The role of trust within a team is summed up quite well by Reekers et al³⁷ who say,

“In a team environment the prime responsibility of a leader is the generation of a trusting environment; this is the key to long term success as trust is the attribute which, when things go awry within organizations, sustains the company until the problem is fixed”.

³⁶ Thompsons' questions as outlined on page 37 can greatly assist in understanding your stakeholders.

³⁷ Reekers,,N.M,Shadbolt,,E.Dooley,,D.Bewsell 2007. Equity Partnership – Drivers of Success.

Key Factor 3: Local Community

The local community in general is identified as a key element in tactically managing stakeholders. The community needs to have trust and understand the value of a business to its community. Again communication is key.

Key Factor 4: Supporting stakeholders

It is important to support your stakeholders. It is a two-way relationship with benefits for both parties. Madden notes,

“It’s sticking by them to a certain extent, not just getting the cheapest price. For example with trucking companies, we need them to help us and we help them. If we can make their business more efficient, they drive down their rates for us.”

Madden, 2011

Key Factor 5: Relationships

A prime example of the power of relationships is relationship banking. This is a phrase that was very common in Ireland amongst businesses during Ireland’s building boom. At present it is viewed as a dirty word and blamed partly for the crash. However, agricultural businesses need to make sure they are making every effort to maximize their relationship with their financiers. I met with two of Australia’s most successful farmers and they both spoke about the importance of managing a successful relationship with their bank.

“Our relationship with our bank has been solid. We give our monthly P and L’s and balance sheet every month. We keep them in contact with our occupancy rates, communicate with them regularly and educate them in what we are doing. That’s our role to do not theirs, a lot of people say banks don’t understand the business but that’s the businesses responsibility as well. If they are lending you the money without understanding they can severely disrupt your business. Yes we invite them up to the feed line, to speak at functions, we involve them in strategic decisions and all parts of the business.”

Madden, 2011

Appendix 6: What Does a Corporate Governance Board Look Like?

Your corporate governance board should be made up of people with capabilities to enhance your farming business by widening the skills base where there is a need for development or a lacking. Therefore every corporate governance board may differ in its structure. Figure 4.1 below gives an example of members you could see on Corporate Governance Boards. This is just one example of what a board can look like. It will be different for every business as the owners' strengths lie in different areas. They are directors of the business.



Corporate governance structure

Independent chairman

The appointed chairman should lead the board and is responsible for setting the agenda and making sure the board and business is run effectively in the best interests of the company and

shareholders. Consistency in this role is important as the chairman needs to create a culture of mutual respect and open communication.³⁸

Financial expert

An example of a financial expert is your bank manager. This role provides business skills in the financial arena which you may be lacking yet which are vital to the development of your business. In my research I discovered that a financial expert is present on every board.

Risk reducer

The function of this role is to reduce risk to the overall business by creating a formal process to evaluate risks to that business on a quarterly basis. The role could be suited to an accountant for example who by profession reduces financial risk. This role ensures there is a plan for managing risk to the business such as an increase in interest rates or a reduction in milk price and underpins the role of succession planning to ensure minimal disruption to the farm, for instance should something happen to the main driver of the business.

Successful strategic planner

The key to successful strategic planning is not necessarily knowledge of the industry but vision and planning skills. The vital role of a strategic planner is to share experiences of growing a business. The direction and focus of the overall objective will be given by the strategic plan.

“One of the objectives of our Board was to develop a strategic plan so we met with a couple of external consultants and we now meet to modify this plan when we need to. We call it our bible and it includes our business and financial goals and it goes into things like succession and what the family members want to achieve.”

Smart, 2011

³⁸ Hanford, 2007

Appendix 7: The Function of Your Governance Board

Westlake Consulting is the developer of the 'FICKS'TM governance model³⁹, whose key proposition is that the role of a board is to add value to an organisation by ensuring accountability, addressing the correct issues, and through effective board behaviours by developing the right relationships among the board members and with the chief executive. The South Island Dairy Event (2011) outlined the five functions of the Board and the percentage of time spent on each area:

F	Future focuses	→ 30%
I	Issues and risk	→ 30%
C	Compliance	→ 15%
K	KPI monitoring	→ 15%
S	Skills and succession	→ 10%

Richard Westlake (2011) states that; *“effective boards are the ones which are spending twice as much time looking out the windscreen rather than through the rear view mirror. More time needs to be spent looking forward and planning rather than looking back”*.

Damien Smart mentions a very interesting role of their CEO in developing the business:

“We have had some very good people come in and help us. One of the roles of our CEO is education and that’s not so much finding university courses for us it’s identifying a deficiency in the business and that may come about from us telling him this is where we need help and he will find those people. For instance at our October management meeting we have a guy coming from Victoria, fully paid to spend a day with us talking about livestock.”

Smart, 2011

³⁹ www.westlakenz.com/resources.html

Appendix 8: Governance Pitfalls to Watch Out For

Exemplary companies, both in New Zealand and abroad, regardless of scale have all adopted formal governance processes of planning and control (Lockhart, 2011). In most family owned small to medium sized enterprises, family members hold multiple roles such as director, trustee, shareholder, beneficiary, general manager and labourer. Immediate improvements could be achieved by conducting these roles independently of each other and one at a time.

The corporate governance structure is an organising body and as such it is imperative that the chairperson have organisation skills. As Fairholm and Fairholm (2000), have identified, it is *“very important to have a chairperson on the board who has organizational skills...making sure things are getting done and notes kept and issues arising from previous minutes or previous conversations are being dealt with”*.⁴⁰

The ASX⁴¹ Corporate Governance Council has released a document titled "Corporate Governance Principles and Recommendations" (Agricultural Land Management Trust, 2009)⁴². In it they state the duties and role of a governance board is to:

- provide clear accountability
- protect the rights and interests of stakeholders
- provide for proper management of the Company and Trust's assets
- preserve and enhance the Company's reputation and standing in the community
- support the achievement of the Company's fiduciary, environmental, health, safety, social and other obligations
- support the achievement of member value within a framework of appropriate risk assessment and management

⁴⁰ Fairholm and Fairholm, 2000. Page 103

⁴¹ The Australian Securities Exchange (ASX) is the primary stock exchange in Australia

⁴² http://www.agriculturallandtrust.com.au/assets/documents/annual-reports/ALT_AR_2011.pdf

Appendix 9:

The following four appendices are reports written on Nuffield Scholars Global Focus Programme. They serve to give the reader a deeper understanding of the research the author has undertaken and to illustrate working systems in other countries around the world.

Nuffield Scholars Global Focus Program Version 3.1



Key Points of Bahrain Leg

October 2010

Bill O'Keeffe	Steve Newman
Chris Ferguson	Minh Hieu Ly
Don Madden	

Overview

Bahrain is an ancient land settled by the Mesopotamians over 6000 years ago, an important port city in the Arabian sea trade it later developed a pearl industry prior to its colonization by the British earlier last century, it was at this time that the discovery of oil and it's resultant wealth changed the country's future. Today Bahrain is a sovereign nation governed by a family of the minority religious sect in the country, the This minority based rule is appeased by subsidising cheap food for the population in the form of Australian mutton. Bahrain depends on its gas and associated petro-chemical manufacturing industries as well as being a risk management strategy for the Saudi oil industry as an exporting port. Going forward Bahrain is trying to establish itself as a financial hub of the Arabian Sea, attracting interest as a more moderate Arab state conducive to doing business.

Agriculturally Bahrain is import dependant lacking the resources to develop any significant contribution to their own food supply; opportunities revolve around the supply chains for agricultural products to an ever increasing demand base.

Bahrain's links to Australia have been forged through a robust trade in alumina as well as a live sheep trade that is critical to the country's food security. Despite Australia's strong trade position in the area we lack government representation in Bahrain.

Although Islam plays a significant role culturally, religiously and socially; Bahrain demonstrates religious and cultural tolerance.

Man-made climate change is evident in this desolate environment. The underground water aquifers were exhausted in accommodating the oil boom, the lowered water table resulted in the death of most vegetation. Because Bahrain is a small island in an area surrounded by desert the result of that vegetative loss is an increasingly hot and dry climate.

Strengths

- Bahrain's geographical location as an island state in the Arabian Sea with a land link to Saudi Arabia.
- Relatively moderate political and religious society for the region attracting foreign business trade and a large amount of social tourism.
- Large gas reserves provide inexpensive energy for its population and supports petro chemical production such as ammonia nitrate, urea, and aluminum smelting.
- Bahrain's close cultural links to Saudi Arabia provide income from the export of Saudi crude as well as tourism and investment.
- Bahrain has a large sovereign wealth fund that is available for off shore investment, this could be used to secure food supplies and further strengthen the country's position in the future.
- The ability to increase the Island landmass by dredging sand seems a novelty but is happening so much as to become commonplace.
- There is a large supply of cheap imported labour and strong labour laws in favour of the employer, increasing the profitability of business.

Weaknesses

- Bahrain is totally import dependant for food security.
- There appears to be social inequality for migrant workers in low paid employment.

- Poor environmental planning which has resulted in desertification of the island exhausted the underground water aquifers leaving them reliant on desalination of seawater.
- A lack of appreciation for ancient cultural sites was apparent.
- There appeared to be a perceived lack of transparency in government and sovereign fund allocations.
- A poor work ethic is apparent in many Bahrainians leaving them heavily reliant on imported labour.
- Bahrain has a very uncomfortable climate with extremely high temperatures and humidity. It is only the abundance of affordable energy sources that make habitation possible.
- The chilled supply chain has some gaps evident that impact on food safety and customer trust and satisfaction.

Opportunities

- Modernisation of the food supply chain; refrigeration, marketing and food service industries. Cultural shift away from home butchering will further drive chilled and frozen meat sales.
- Hypermarket development is occurring and increases shelf space for new imported products.
- Capital and intention exists to fund local food production, particularly closed systems such as hydroponic vegetables, aquaculture and poultry that will employ people locally. Opportunity for Australia to grow existing trade relationships in skills as well as products.

Threats

- Bahrain relies heavily on imported labour with this growing underclass there may be security problems. The opposing religious sects have also historically shown some hostility and may cause problems if not controlled with force
- The lack of hygiene and cold chain in selling centres impacts on food consistency and customer satisfaction.

- Inhospitable climate relies heavily on cheap fuel source to supply water and cooling to the resident population. Exhaustion of ground water supplies has resulted in total reliance on desalinated water.
- There is a lack of food appreciation which leads onto poor appreciation for agriculture from Bahrain's natives.

Highlights

Visiting Bahrain is not a high priority on most tourist's agendas, hanging out on the beach isn't an option despite the heat, just seeing the sights is an exhaustive process given the high humidity and air temperatures, and interesting cultural sites such as the Mesopotamian grave sites are not easy to visit or even on the Bahrain tourism agenda. Visiting Bahrain as Nuffield scholars gave us an insight into a country and culture that we would not normally have visited and so rounded out our experience. Confrontations between Islam and other religions are often highlighted in the world news, being guests in Bahrain enabled us to understand that there are always two sides to a story and put us in the situation of requiring tolerance for our own culture.

We were impressed with the way Meat and Livestock Australia (MLA) worked in the area to support the Australian livestock trade. Their presence is especially important given the lack of Australian government representation in the area.

The people of Bahrain seem to have an appreciation for Australia as a trade partner and important aspect of their own food security.



Appendix 10:



Nuffield Scholars Global Focus Program Version 3.1

Key Points of FRANCE Leg

11th to 21st September 2010

Amiens, Gaujacq, Chartres and Paris

Bill O’Keeffe

Steve Newman

Chris Ferguson

Minh Hieu Ly

Don Madden

Ian Duthie

Overview

France is all about appreciating beauty and style in all aspects of life, food is an essential part of that appreciation and the flow-on affect is a healthy respect for agriculture. That culinary appreciation links the general population to agriculture in a way that was not evident in the USA.

Advanced methods of farming but not genetic modification, are used to increase yields, land is not freely available for expansion and this leads to the misconception that agriculture is not growth driven.

French agriculture is heavily based on EU policy decisions. As history is a driver of EU policy starvation and multiple wars have given these countries a different perspective on farming and food supply chains. To this day, some farmers are still finding mortar shells in their paddocks as a stark reminder of the legacy of war.

EU trade policy decisions are made on emotion rather than science, an indication of a continent with an oversupply of food. The debate over GM products and HGP hormone supplements in cattle fuels a trade barrier between countries with a vested interest in commodity goods. We believe this policy decision making is not conducive to future trade. If Europe bans imports of HGP beef from the US on emotional grounds instead of science based decisions, what defense will Europe have if The US bans Mercedes Benz as they are not built in America.

EU government are subsidising farmers by direct payments, these are outcome based subsidies to force farmers to align themselves with EU policy. Some of these are;

- Animal welfare (livestock movement on trucks, animal passports)
- Environment (keeping hedges around land)
- Food safety (full traceability e.g. eurogap)

These direct payments are aimed at keeping people in regional areas and are a form of social welfare that we believe should be maintained but taken out of the agriculture budget so that it doesn't distort the public's perception of agriculture. In Australia we feel the ramifications of urbanisation on a daily basis and believe that the subsidies paid in France to keep people in rural areas would probably be more economical than the hidden costs incurred by urbanisation.

Strengths

- Farmers spread their risk by specializing in a selection of high value crops and producing them as efficiently as possible.
- Strong rural communities allow efficiencies through co-operation.
- Contentment was evident in all the farmers we visited with. They seemed to have a deep appreciation of their environment and take pride in their occupation.
- Rural areas have been sustained with direct payments. Most of the land we saw was in production.
- Agriculture appeared to be a stable and safe industry in France.
- The central market system of Rangi bought all kinds of produce into the centre of Paris and enabled ease of access to the retail market.

Weaknesses

- We noticed a lack of large scale operations which could lead to inefficiencies however this seemed to be addressed through co-operation between farming communities and within families.
- Most farms seemed to have a large investment in specialized plant and machinery.
- Difficulty for young farmers to enter the market reduces the dynamics of the farming population.

Opportunities

- Potential for farmers to capitalize on the general public's appreciation of good food.
- Linking food to place, face and system of origin.

Threats

- Subsidies have the potential to breed complacency in production as well as the market place.
- As more countries join the European Union there is a risk that the market price for agricultural commodities could decrease in value.

Highlights

The cultural experience that is France. Witnessing contentment in everyday life seemingly driven by a lack of pressure that is such a large part of farming in Australia.

A highlight of the trip was French hospitality, we were welcomed into stranger's homes and even managed to find a long lost cousin in the Paris market place where used an upturned rubbish bin as a picnic table as we sheltered from the rain under our 'cousin's' shop awning, swigging on French wine and eating cheese and bread. Ahhhh, sweet Paris.

A few days later we were in shock as we swapped the genteel culture for the guttural post Soviet regime of the Ukraine.



Appendix 11:



Nuffield Scholars Global Focus Program Version 3.1

Key Points of Indian Leg

October 2010

Bill O’Keeffe

Steve Newman

Chris Ferguson

Ian Duthie

Don Madden

Overview

India has been an emotionally challenging and draining component of our Global Focus Program. We found the excessive security, population density and poverty confronting; this situation was perhaps made worse by the fact that India was at the end of our 6 weeks of travel and we were all feeling tired and ready to return home. We’re writing this report on a plane from Delhi to Bangkok and we can view the Himalayan Mountains from our window, perhaps it’s this view of India that’s needed to appreciate it for what it is. It was difficult at times to see the positive side of India. We were bombarded with the noise, smells and sounds of an over-populated nation that seems to be in the process of re-setting their perceived and actual parameters, but their desire and ability to adapt quickly should not be underestimated.

Our visit to India has been an education in how an economy can emerge and grow rapidly with the utilisation of a massive population and an abundant natural resource base. India is in the process of changing from being a resource driven economy to being demand driven, we were struck with the production potential that is yet to be realized through improvements in yields and efficiencies as well as the full utilisation of the land resource base. India is a long way from realizing its full agricultural production potential.

Strengths

- The massive population of India creates opportunities for internal consumption evident in a 200,000,000 middle class population that is driving the economy based on a rich natural resource base to be the fastest growing economy in the world. The burgeoning middle class is looking to spend on higher value food and clothing products and is creating opportunities for the agribusiness sector.
- The large population creates commitment from government to secure food supplies; this leads to strong support for research facilities, farming technology, agricultural education and production subsidies.
- Farmers in India have power to influence government policy through their numbers; over 70% of the population is involved in agriculture. The urban population has close links with farmers because they are only a few generations removed from farming, they also see starvation on the streets on a daily basis and this probably has an influence on how they view agriculture.
- Water security creates a secure income that allows the more affluent farmers to pursue agricultural knowledge from around the world and apply it in India. A well informed farming organisation is leading agricultural development through extension and research.
- The geographical and climatic diversity of India enables food security.
- A low labour cost increases the profit margins of agricultural industries.
- An English speaking population assists trade relations; further overseas education of the affluent youth consolidates India in world trade.
- India has secure energy sources through nuclear power and the large coal reserve. Nuclear capability ensures national security.
- With 50% of the population under the age of 25 India will be a very different place in the future.

Weaknesses

- Population density reduces farm size and agribusiness efficiency.
- Unmitigated use of ground water may lead to depletion of resource and subsequent loss of production ability.
- The large farming population is driving unsustainable agricultural and environmental policies.
- From a western point of view there is a lack of infrastructure although it is improving rapidly and will continue to do so while the economy stays strong.
- Low water quality caused from a large population living with poor infrastructure and no real environmental policies.
- There seems to be an unsystematic approach to planning of main infrastructure hindered by conflict between states.
- High land values result in a non-commercial return on investment in agricultural land.
- Animal disease status restricts livestock export potential.
- Religious beliefs restrict ability to control disease and utilise livestock resources.
- The export of India's well educated youth leads to a loss of intellectual capital.

Opportunities

- Co-operative farming and supply chain systems developing across a wide range of commodities.
- Growing domestic market supported through increasing levels of private wealth and government assistance.
- The mechanisation of all farming and processing facilities is decreasing the reliance on human labour and increasing yields.

- Indians have an ability to learn and adapt western science and technology to their farming systems.
- Advancement of post harvest processing, cold chain management and distribution networks will continue to reduce segment leakage and secure food supply.
- There is opportunity for foreign investment from major companies involved in the global food chain as well as Indian investments in other countries to secure supply.
- Changing dietary preferences due to generational change and age profile of the population opening up new and diverse markets for a greater range of value added products.
- 50% of the population is under the age of 25.
- Global Diaspora of young educated people spread globally opening up channels for trade with foreign countries.

Threats

- India's hostile neighbours increase security costs.
- Government interference in the market place from subsidies and market support systems.
- Erosion of ground water supplies due to subsidised power and no water management policies.
- Wasting of fertilizers, water and electricity because of government subsidies.
- High inflation.
- Lack of foreign investment in agriculture.





Highlights

Gaining an understanding that India is not a major threat to Australia's export trade due to the fact that internal consumption of produce will continue to rise, consuming most of India's excess product. There is opportunity for Australia to export agricultural skills and services to India. There is also opportunity for further exports of Australian produce when India's tariffs are relaxed and amended as its place in world trade is further developed and consolidated.

The road of excess leads to the palace of wisdom *Don Madden, October 2010*



Appendix 12



Nuffield Scholars Global Focus Program Version 3.1

Key Points of Ukraine Leg

28th September to 4th October 2010

Kiev to Odessa

Bill O’Keeffe

Steve Newman

Chris Ferguson

Minh Hieu Ly

Don Madden

Overview

The Ukraine is symptomatic of most post communist block countries struggling to come to terms with a global economy that has developed from the massive advances of the industrial revolution in the last half of the 20th century.

It is a country blessed with the most abundant agricultural resources but still struggling to gain confidence after three generations of citizens ruled by a central authority then intimidated by a post soviet age of corruption.

We must take our view of Ukraine from a point of relativity and not judge it too harshly or else we may further damage the potential of this powerhouse of agriculture, relationships in agribusiness must be mutually beneficial not only to achieve outcomes in growth and development but also social change in the rural areas.

Total agricultural land is approximately 41 million hectares of fertile soil. After the collapse of communism collective farming lands were divided up between the farmers and currently no

freehold to land ownership is possible. Rents can be paid for with grain from harvest or with cash.

Ukrainian agribusiness has a unique set of circumstances that need to be appreciated by prospective farmers. Sound local knowledge and community respect are vital for business success.

Strengths

- Land is ideally suited to cropping with large amounts of arable land available.
- Fertile soils varying in type and depth across the country enable a large range of crops to be grown. Typically soils are Chernozem black earths with 2-3.5% humus levels and up to 2 metres deep.
- Reliable seasonal rainfall with areas of spring melt maintaining a good moisture profile.
- Average minimum wage of US\$100 a month reduces labour inputs in agribusinesses.
- High rates of return achieved (50%+), however these are eroded by high inflation and interest rates.
- No income tax system but a Value Added Tax (VAT) of 20% on all sales, promised refund on exported sales but not being paid at present.
- A massive amount of surface water available for irrigation with some infrastructure developed in the south.
- Land leasing arrangements facilitate less capital invested in land based assets freeing up capital resources for production outcomes.
- Inland river system facilitates economical movement of produce through the nation and to a major international port.

Weaknesses

- Deteriorating overland transport infrastructure.

- Economic insecurities resulting in a devaluation of the Ukrainian currency of 60% in the last year, interest rates are currently 22% and inflation is now 17%.
- Government interference in the market place distorts prices and free trade; exports of wheat have been reduced by 75% with no reliable explanations given that we were aware of.
- Input supply chains appear to be unreliable.
- Labour skill set is developing but variable.
- Socialist indoctrination has lead to a risk averse population; flow on affects of this is a workforce that is hesitant to take responsibility.
- A shortage of effective middle management in agricultural sectors results in a reliance on expatriate managers.
- Lack of a livestock industry reduces agricultural diversification and increases risk.

Opportunities

- Freehold land ownership may be possible in the future.
- Cheap grain available for livestock industries.
- Attraction for foreign investment to stimulate the development of the country's vast agricultural resources and take advantage of its low currency exchange.
- Development of massive irrigation systems around the country's vast water resources and existing water infrastructure built in communist times.
- Value adding to agricultural commodities utilising a cheap but compliant labour force and strong commodity supply.
- Generational change to bring vitality to agricultural modernisation and business growth and a change from the communist legacy.
- The gradual development of a professional business orientated agricultural sector facilitating strong investment opportunities and development.

- Massive increase in production through improving yields with the adoption of modern farming practices and machinery.

Threats

- Foreign investment is hampered by mistrust limiting the formation of sound business relationships.
- Regional alliances and reliance can have a negative effect on trade.
- Limitations in the growth of the middle class lead domestic economy that could boost the countries GDP and standard of living.
- Non-alignment with a trading block will continue to leave the Ukraine trade exposed.

Highlights

Observing the enormous potential that such fertile soil and abundant water bring a nation.

Experiencing the culture of a country emerging from Communism.

Witnessing a business growing with good ethics in a difficult social environment.

When we arrived in the Ukraine we were like kids in a lolly shop, excited by the incredible soil and water resources of the country. As the week wore on we came to understand that Ukraine agriculture was extremely complex and challenging, much more than the simple application of science and economics to reap the benefits of its resources.

Soil, water, cheap beer and hot chicks in high heels, everything a young farmer could desire.



References

- Dimock, E., M. 1945. *The Executive in Action*. Harper and Brothers, New York. p 54
- Westlake, R. 2011. *South Island Dairy Event, Lincoln University, 27-29th June 2011*
- Fairholm, M. R. and Fairholm, G. 2000. Leadership Amid the Constraints of Trust. *Leadership & Organisation Development Journal*, **21**(2), 102-109.
- Handford, P. 2004. National Bank Equity Partnerships in Farming Newsletter, June 2004b
- Handford, P. 2007. National Bank Equity Partnerships in Farming Newsletter, March 2007
- Reekers, L.N., Shadbolt, M., Dooley, E., Bewsell, D. 2007. Equity Partnership – Drivers of Success
- Lockhart, J. 2011. Observations on Farm Business Governance in New Zealand
- Rowan, G. 2006. Equity Partnerships. External Document to Dairy Insight Oroject: Dairy Farm
- AGInvest, Feilding. Ownership and Management Structures.
- Kelly, S. 2011. Breakfast with Anglo. page 19

Web References

Accessed June 30, 2012

- George Manning and Kent Curtis James Collins and Jerry Porras. The art of leadership.
<http://books.google.ie/books?id=Ms9d2JcCZOMC&pg=PA65&lpg=PA65&dq=Visionary+firms+as+a+group,+performed+55+times+better&source=bl&ots=LC->

o3TGMXy&sig=0xtjzTwZGpS_cGrKpF2yhr7mD2A&hl=en&sa=X&ei=5Vn8Tu7ALN
KYhQeQvazQAQ&sqi=2&ved=0CCEQ6AEwAQ#

- Gaul, P. (2005). Investing in Equity Partnerships. Presentation at the Icehouse Agribusiness. www.theicehouse.co.nz.
- http://www.westlakenz.com/Richard_Westlake_Profile.pdf
- <http://gigtv.rampms.com/gigtv/Viewer/?peid=78775828d8de4d2cb307295266dbf2e41d>
- Agricultural Land Management Trust, 2009.
http://www.agriculturallandtrust.com.au/assets/documents/corporate-governance/ALML_Board_Charter.pdf
- http://www.westlakenz.com/Richard_Westlake_Profile.pdf
- http://en.wikipedia.org/wiki/Stakeholder_management
- <http://www.my-project-management-expert.com/who-is-a-stakeholder.html>
- Thompson Rachel (2010) Stakeholder Analysis & Stakeholder Management
http://www.it-c.dk/courses/SPLS/E2010/Stakeholder_Analysis.pdf
- ACRE info from Pennsylvania
http://www.reclaimdemocracy.org/articles_2005/acre_bill_passed.php
- Bourne Linda Dr (2008) Stakeholder relationship management maturity
http://www.stakeholdermapping.com/PDFs/SRMM_Paper.pdf
- <http://www.irishvetjournal.org/content/pdf/2046-0481-62-S4-S52.pdf>

One on One Interviews

Don Madden, Australian Nuffield Scholar. 2011

Smart Brendon, Australian Nuffield Scholar. 2011

David Brownhill, Australian Nuffield Scholar. 2011

Peter Nixon, Australian Nuffield Scholar 2011

Damien Smart, Australian Nuffield scholar 2011

Andrew Johnson, Australian Nuffield Scholar 2011

Max Jalbert, Australian Nuffield Scholar 2011

Bill Casmissity, Australian Nuffield Scholar 2011

Hon Neil Andrews, Australian Nuffield Scholar 2011

Murray Gmeiner, Australian Nuffield Scholar 2011

Joe Ffrench, Microsoft. 2011

James O'Connor, Microsoft 2011

Dermot Igor, Microsoft 2011

Brendan Lawlor, Microsoft 2011

Noel O'Brien, Collins O'Brien Accountants. Cork Ireland 2012

Sian Bushell, Consultant. Wales 2012

Kieran & Leonie Guiney. New Zealand, 2011

James Allen, Ag First. New Zealand, 2011

Adrian Van Bystervelt. New Zealand, 2011

Michael Dowling. Allied Irish Bank, Head of Agriculture. 2011

Michael Murphy, Dairy Farmer. Ireland 2011

Deise 1250 Discussion group. Waterford, Ireland, 2011

Research Interviews and Conferences Attended

- Participation in the Nuffield 10 day Contemporary Scholars Conference in Washington DC and Pennsylvania State.
- Travelled with Nuffield Global Focus Programme. A six week study tour to Oklahoma State, Washington DC, France, Ukraine, Turkey, Bahrain and India
- Attendance at Nuffield International Conference Tour of Australia

- Undertaking focused study interviews with people in Australia and Ireland
- Undertaking focused study interviews with leading International Agricultural specialists whilst they visited Ireland
- Farm study tours of Indonesia, Scotland, England and Wales
- Study tour and focused interviews with Microsoft Ireland