



Turning good farming into big business without losing its essence

A report for the New Zealand Nuffield Farming
Scholarship Trust

By John Murphy

March 2015



How does an agricultural business maintain its essence and become better at fulfilling its purpose?

Executive Summary

How does an agricultural business maintain its essence and become better at fulfilling its purpose?

Sometimes the purpose of a business is very clear, however many times it is below the surface, as businesses simply get on and “just do it”, but are driven by something in them that is great.

Some themes come up frequently in terms of purpose – whether the businesses are outwardly successful or struggling. These are a willingness to:

- fulfil a personal drive and ambition to do something great or to be the best
- provide a foundation for family well being
- fulfill a way of life and a genuine love of farming
- provide something different that is good for people and the world
- enhance financial wellbeing
- simply do it, because it’s what we do.

The operations I have observed had a variety of ways of driving performance, and many different ways at attempting to improve their practices to achieve better results. Focuses included:

- building and working from a solid financial foundation
- enhancing competitive advantage and responding to the market
- being more expert in technical aspects of their operation than others
- having a good knowledge of the regulatory environment and using this to advance business and gain competitive advantage
- maintaining stable access and right-to-farm suitable land
- investing in their business and enhancing innovation
- pushing the operation beyond its natural performance trajectory
- recognising the capability of people in the enterprise and enhancing this as required
- effective collaboration throughout the supply chain
- an integrated approach to the supply chain
- having a good story and telling it well
- maintaining a commercial edge
- organising themselves well and disciplining their strategic decision-making
- trusting their gut – taking the leap into the unknown when it felt right
- working collaboratively to enhance the businesses advantages as above

It is important to note that whilst many of the operations I studied are operationally sound, run professionally, and inspirationally led, not all are overwhelmingly viable businesses from a profit and loss perspective, or necessarily successful farming operations. There are many reasons this might be the case, but common themes are vagaries of the market and fickle consumer behaviour affecting demand in market, distortion of markets due to government influence, bad luck playing a part in business, or a lack of focus on profit and loss due to other factors being the prime driver of an operation.

To summarise, in observing the above strategies to achieve the purpose of farm businesses, I have distilled some of the key aspects that agri-businesses should focus on to drive performance.

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Many if not all of these drivers are needed in some form to run a good business – and indeed many of the seemingly positive behaviours can be a negative and hold a business back if applied in the wrong manner (e.g. hyper competitiveness leading to low pricing, driving market share up and profitability down).

In this paper I will further expand on what I believe to be the key drivers of the agricultural businesses I have studied.

Perhaps the key overarching factor is that these businesses affect what they can, take account of the factors beyond their control, and get on with the job and make things happen. They are results-orientated rather than problem-focused. They work hard AND smart to make their own luck.

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Scholar Contact Details:

John Murphy
Box 5146
Springlands
Blenheim
New Zealand
Email: john@garlic.co.nz
Phone: +64 (0) 274584670

Nuffield New Zealand Contact Details:

Desley Tucker - Administration
Email: admin@nuffield.org.nz
Website: www.nuffield.org.nz
Address:
Po Box 69071
Lincoln 7640

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Foreword

The author, John Murphy, grew up on his family's cropping farm in Marlborough. Subsequent vineyard development and restructure of the farming operation resulted in a focus on the garlic and shallot industry.

After some years away from the farm where he studied politics and business, and travelled and worked in government sector roles, he returned to the 3rd generation family business. He now leads Marlborough Garlic Ltd. in his capacity as General Manager, alongside his father and mother.

The company's aim is to take both the lessons of the past, and the opportunities for the future, and apply them to the business. They run an integrated growing, packing, processing, marketing and trading operation with a solid foundation in the domestic market, and also serve a growing export market with their products. John also owns a 4 hectare Sauvignon Blanc vineyard.

Being involved in rural business has given John the opportunity to have roles as a Director of Vegetables New Zealand (affiliated to Horticulture NZ), and as Chair of the Alliums Crop Advisory Committee. He has recently also been elected Chair of The Marlborough Process and Fresh Vegetable Growers Society.

He began his Nuffield experience travelling with other Nuffield Scholars on a Global Focus Programme, where the group worked its way through Australia, India, Qatar, Turkey, France, the Netherlands, and the USA. Subsequent individual travel took him to the USA, Netherlands, the United Kingdom, Austria, Ireland and France. Throughout these travels he was able to visit a variety of agricultural businesses and look into various aspects of what drove them, and experience cultures and hospitality around the world.

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Acknowledgements

The author would like to acknowledge the opportunity that the Nuffield Trustees have given him with this scholarship. The ability to talk to people about their businesses frankly and openly has been extremely valuable, as has the hospitality extended due to the Nuffield network.

I would like to thank all those at home for their support and understanding through a challenging year. I can't thank you all enough for your hard work during the time I was absent – you went above and beyond for me. Thank you to my partner Hayley, my parents Pat and Gaye, and children Isabel and Michael for their personal support and understanding through a challenging year. Thanks are also due to Marlborough Garlic for the company's support of my time away, and for the increased effort undertaken in my absence.

Thank you to the following sponsors of Nuffield NZ – without your generous support this programme would not be possible.



Thank you also to the hosts who met with me on my travels. Lessons were taken from each and every person I met with, and I was surprised at how willingly people gave their time and attention.

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Turning good farming into big business without losing its essence.

Introduction

In the following paper I will investigate the essence of farming operations that I have visited over the last year, and how this has driven their performance and potential growth.

I will focus on key philosophies that drive aspiration and are common in successful Agri-businesses, while giving some key examples of businesses I have visited. I will also look at business factors that have allowed farm organisations to thrive.

My question is, how can good farming be turned into big business without losing its essence? In an attempt to bring more clarity to this subject, I have travelled the world over the last year visiting agricultural businesses and experiencing different cultures and ways of life. In posing this question I have fallen into the trap of presuming that “big is good”, and also began with a narrow definition of what ‘farming’ is. “Big” is not necessarily beautiful – and “farming” does not just happen inside the farm gate.

So firstly – what is farming? The Oxford Dictionary defines farming as *The activity or business of growing crops and raising livestock* (Oxford Dictionary Online, www.oxforddictionaries.com).

The scope of farming is massive - the “business” aspect of this definition reveals that factors beyond the field must be considered in even the most simple consideration of what “good farming” is. Each and every farm business is affected beyond the farm gate, as the value chain often affects the core sustainability of a farm business even more than changes in yields in the field. Simply put, farming is not separate from the market, the world or society. So while farming in the first instance may be about the productive use of land to produce a product or provide a service, its affect beyond the farm gate can be profound. As such, for the purpose of this paper, I consider farming “agricultural-business” (agri-business).

I would like to repose my query; how does an agricultural business maintain its essence and become better at fulfilling its purpose?

The key aspects of my subject can be defined as follows (Oxford Dictionary Online, www.oxforddictionaries.com);

Purpose - The reason for which something is done or created, or for which something exists.

Essence - the intrinsic nature or indispensable quality of something, especially something abstract, which determines its character.

Essentially, I want to investigate “why we do what we do” and how we do it better.

To me, being better at what we do centres on how we fulfil our purpose and maintain our essence in a more effective manner. Thus, when looking at the performance of an operation and how this can be approved, the starting point must be the basic philosophy or essence of an entity. Without considering these an agri-business could essentially get better in a way that doesn’t positively benefit those involved in the operation.

“Better” is defined as *more desirable, satisfactory or effective.* (Oxford Dictionary Online, www.oxforddictionaries.com)

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Why do people farm – what is the essence of their purpose?

In this paper I will look at the key purpose of businesses I have studied, with some discussion of the business background and factors that drive these operations. Throughout the discussion of the essence of the organisations I will attempt to explain factors allowing them to perform better.

What is better farming is very much affected by the organisations philosophy or the essence of the operation itself.

"Achievement is not always success, while reputed failure often is. It is honest endeavor, persistent effort to do the best possible under any and all circumstances." - Orison Swett Marden

The examples in this paper show the key philosophies as I have seen them, which have driven impressive agri-business operations to improve their performance or offering to the market. It is clear that they are driven by a number of factors which result in them becoming great at what they do.

- Success comes in many shapes and forms

It is not a given that an Agri-business with a solid philosophical grounding will be successful by all measures. This is most obvious with organisations with no stated objective of being financially successful, such as initiatives that focus on community outcomes. However it also is common in agri-businesses. Often times the necessarily long term focus of a farm operation can make it look unviable – when other factors are in fact more important than short term viability (for example soil health etc.).

An obvious example of an operation operated for more than financial benefit is Daylesford Organics in Gloucestershire, the United Kingdom. The business is completely integrated, offering food grown on farm (both vegetable and animal), an amazing farm shop, distribution through premium outlets throughout the UK, and accommodation. Daylesford even offer extensive cooking classes in a state of the art, yet extremely pleasant and quaintly designed kitchen. Backed by Lord Anthony and Lady Bamford's extensive estate, the key philosophy is to do everything the best way possible. The story behind the product – based on old techniques, pedigree breeds and organics, is far more prominent than any concern for profitability. Enhancing the estate's reputation, and sustaining its future, is the key driver.

- Enhancing financial well-being

While a day-to-day focus on financials is important and may be a key factor in maintaining or growing an agri-business, this is seldom the central driving force in businesses I have visited. It is a means to an end – a stable financial grounding allows businesses to thrive and pursue the other philosophical goals that they have. While financial well-being is a pillar of good business practice, it is not the key driver.

While other philosophies may drive a business, it is clear that every viable business must be run with some focus on the bottom line. A good example of this is Yealands' Family Wines. Founder Peter Yealands has a background working in the forestry, aquaculture, deer and wine industries. His company's "deeply-rooted commitment to sustainable wine production" is one of the most prominent and outwardly evident drivers of business management that I have observed.

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However, a lot more underpins the Yealands business. While quality and “can do” attitude are also guiding strategies, a recognition of the importance of commercial drivers is also ever present.

“I came to my philosophy on sustainability when I was working in forestry and resolved to give something back to the environment. So I started planting more trees. Every tree had to have a commercial value though, otherwise the business was going backwards”, he says.

Without commercial success you can’t achieve the other more holistic philosophies. Yealands has won a host of awards such as the International Green Apple Award for Environmental Best Practice with this approach. Their company managed to build a company based on sustainability principles from a sound commercial basis.

- To fulfill a way-of-life and a genuine love of farming on a personal level, and to provide something different that is good for people and the world

A genuine love of farming and a way-of-life is a prime motivating factor for many farmers. This is primarily for personal satisfaction stemming from a preference for living and having your family based in a rural environment. This can also be accompanied by a wish for “providing something different to people” as a central motivation, in that this may involve personal sentiment about how people should live a happier and healthier life.

The essence of these philosophies are seen in many businesses where people are proud of what they are providing to the market. Examples of these motivating factors are displayed prominently in organic operations, as well as operations focused on providing food grown locally for local markets.

Heggety Podge

Heggety Podge organic ready-made meals are a product that fits the philosophy of taking a unique offering to customers asking for something a little different. Nuffield scholar Oliver Surman runs this 4th generation family farm near Upton in the United Kingdom. His family have been involved in organic production following the conversion of their dairy farm, centrally to drive revenue, some 2 decades ago. Recently, they have made the move to sell the dairy herd, in order to focus more on agri-tourism and Heggety Podge.

Their ready-made food business has grown exponentially over its 6 year life, starting with production of 100 meals on their first day of production, which was produced by 3 people. They now produce some 1750 meals with 7 people. Everything is fresh and made-to-order. There is inherent cost due to the type of meals they produce – if the meals were frozen as opposed to fresh, they could be produced in more efficient batches. Organically sourced produce is also more expensive.

However, the Surman family have leveraged their knowledge of organic farming, specifically beef production, to establish supply arrangements with organic producers that allow them to produce a product that consumers want. Whilst they do have the influence of chefs brought to bear on their offerings, their love of food and ability to ‘muck in’ and tinker with a recipe is a major strength. They supply Acardo, an online retail channel which has massive distribution, and have established solid distribution to the South of the United Kingdom where their products find a large population, and consumers willing to spend money for the types of value-added products that they are producing.

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An interesting market trend is that there is a growing diversity in the ways that companies can add value for consumers beyond the organic aspect of their food. However, a consumer will only increase their payment marginally for an additional aspect of value-added. i.e. an “organic” meal may fetch a 10% premium, and a “paleo” meal the same. However a paleo + organic meal is unlikely to fetch a higher premium. This effectively means that organic produce is now being pitted against home grown, paleo, and any number of value-added products.

Wappl Farm, Austria

Robert Wappl is an organic farmer from Siegersdorf Austria. He started ecological (organic) production in 2000, and specialises in (among other crops including wheat and baby-corn) garlic production. Financially, the farm achieves higher returns for organic products, but while this was a key factor in convincing the family operation to convert to organics, this is not Robert’s primary focus. He believes in the product that he is providing to the market.

“As a child I saw soil quality getting worse and people getting sick. Ecological production was a way to fix this. Now I see the fields are better” he says.

Machinery-wise, Robert runs a lean operation, with small equipment compared to many farming operations in the village. He has various organic implements allowing him to inter-row his crops to prevent weed growth, and makes 3-4 passes a year with this equipment.

“I don’t like it when farmers complain about not making any money, while they are spending big money on huge equipment when it is not needed” he says.

While Robert has a passion and determination for growing garlic, his acreage is set to decrease from 6.5 to 4.5 hectares this year, and he anticipates a further drop to 2.5 hectares next year. The returns from the crop are not lucrative enough to justify continuing to grow garlic at the level he has. While there is demand for the product, the market structure does not provide for an acceptable return at the acreage he currently sits at. Robert puts this down to a number of factors – principally the retail environment, with large retailers bringing pressure to bear on small producers. This adds to lifestyle implications – “why work extremely hard in such a harsh business environment if the returns are not lucrative enough”?

There is a strong focus on improving techniques and collaborating with other farmers where possible. Robert has travelled extensively to improve his operation, spending time on organised industry visits around Europe, and mixing family travel with work in travelling to New Zealand to investigate farming techniques. He runs many of the garlic aspects of his operation in a cooperative fashion with *Raimund Artner*, a larger grower of garlic who runs a packing and marketing operation (see below section for more information). Raimund provides and prepares seed, Robert grows it, and Raimund harvests it and buys it for his operation. The two also lease or swap land as it suits their farming operations.

Robert also keeps a proportion of garlic to pack and market himself. His operation includes a small drying and packing facility on-farm, where he employs 3-4 Hungarian workers packing and grading for around 5 months a year. The facility has specialised equipment that is not available in many parts of the world, and while simple and only partly automated, it is at the

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forefront of grading technology. The equipment is sourced mainly from Europe, although some key pieces have been engineered in the Middle East from European design.

Key aspects that limit productivity are land and seed. “It took a long time to convince local farmers that ecological techniques were good for their soil – I have a lot more options available to me now” he says. Rotation is a central part of the philosophy employed, and land swaps are key to this.

Water remains an issue, with much of the drainage infrastructure in the area more than 50 years old and in need of repair. Consistency of seed performance also remains an issue, with historic political issues shaking the industry when the Soviet Block disintegrated (seed production in Czechoslovakia became marginal after this time), and modern supply of seed notoriously up-and-down.

Ultimately the Wappl operation is driven by Robert’s belief that organic production is a better way to farm.

“I always wanted to be ecological. There was a lot of conflict with my family over this time as they did not agree. We came to agreement in the end and it works well now that I am running the farm.”

- Providing a foundation for family

Many of the businesses that I visited in my travels were family operations. In many cases they were 3rd generation or more, and often cited the fact that they were farming to provide opportunity to their children. This opportunity could come in the form of providing a living for family, a financial bolt-hole from which education could be paid or investments could be made, or a role being employed within the family enterprise.

As family businesses grow and require more human resource, the involvement of multiple family members in a business is common. Depending on the fit within an organisation and the skills they bring to the table this can be a strength or a weakness. The successful businesses that I have observed have clearly and specifically defined roles for staff – particularly when they are family.

A common feature of successful agri-businesses is that they re-organise themselves as a company in their own right. This gives the business more flexibility to grow as an entity and be motivated in different and new ways but encourages a more formal, organisation structure. Authority tends to be explicit and therefore more effective.

One of the key issues that faces any growing business, is how to encourage appropriate governance, buy in, and day to day management. Basically, who calls the shots?

Who calls the shots – one principal

Gerben Schouten runs his family’s 3rd generation Netherlands-based company, that produces horticultural packing and sorting equipment. Their focus is ensuring high quality standards for their products, and being at the forefront of design.

Schouten employ 68 people, including Gerben, his father and his brother. His grandfather, father and brothers are shareholders. The structure of the business is very regimented, with Gerben managing the business as General Manager . “My father and brother have particular

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strengths in the production area – I am in charge. We each know our place so it works” he says.

The company has a clear vision as advocated by Gerben. “You must be both big and specialise” he says – as a result, Schouten produce grading lines tailor made to clients. They have a stated goal of not giving room in the market for their competition.

A strength of the business, perhaps due to its multi-generational outlook, is that they aim for long term results. “It is better to focus on 2% returns being generated forever, rather than 10% for 5 years”.

In 2011 they entered a joint venture with Bercomex, a traditional competitor which produced highly automated equipment for the flower bulb industry. A year later they purchased half of Bercomex outright, stepping in at the right time when Bercomex were looking to divest. The purchase strengthened their position in the market, and added to the technological advantages due to Bercomex’s advanced knowledge of optical grading.

“Once ahead of the market with technology we needed to stay ahead – you are first or nowhere” says Gerbin.

“It is difficult for us to keep our focus – but a strength of the business is our breadth of portfolio” he says. This allows the company to capture more of the market, maintain scale, and drive profitability.

Who calls the shots – board and management structure, but when push comes to shove...

Lye Cross Farm is a 3rd generation integrated farming business specialising in farming and cheese production. Based in the United Kingdom’s traditional home of cheddar, Cheddar Valley, Bristol, the operation is managed by John and Peter Alvis. Running three farming operations (a contracting business, retail shop and the cheese-making facility) requires a defined structure to ensure performance.

The retail shop on their cheese-making site is a profit centre in its own right, but the fact it adds to the Lye Cross Farm brand is it’s primary benefit. The farm contracting business is run as joint-venture with management of the operation delegated to another shareholder.

The brothers sit on the Board of the company, as does their father, with John acting as Chair and having responsibility for day-to-day running of one of the organisations 3 farms. Peter is charged with the cheese-making operation. Both brothers, along with their financial officer, sign off each invoice the organisation incurs, ensuring responsibility for costs sits with the business unit where the cost was incurred. Budgets are reviewed monthly.

These day-to-day roles suit the two – Peter’s engineering background proving valuable in the processing area, and John’s technical knowledge of farming, and pragmatic approach to getting on with it, driving the agricultural side of the business. They both sample their products frequently – they are into their cheese constantly! They are very in tune with what they are producing.

The cheese operation’s big break came during the Global Financial Crisis, with the pound depreciating and key competitors rationalising operations to big customers. “We happily

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picked up the extra custom” explains Peter, “every customer is our best customer”. Now, 25% of sales are export, and the operation employs 5 marketers working in different markets. “It costs an arm and a leg- but we have to invest in that end” he says.

The Alvis family buys in around two thirds of their milk. The biggest impediment to growth is the value of stock, with an estimated minimum of £10 million in stock curing.

“It’s very difficult to forecast and use cashflow for growth as milk purchase is year 1 for cheese year 3 or 4” Says John.

The size of the business, and medium-term payback on variable expenditure that is the nature of cheese production, necessitate good company structure. But the family has not let this restrain their entrepreneurship.

“A few years ago I had a block near our operation come up for long-term lease. Land doesn’t come available very often – I had limited means to pay for it- but you don't get those opportunities every day. So we had a go and worked out the detail later. Land purchase is basically a family decision.”

So what if the Board said no to a land opportunity? “We would find a way to do it anyway” he says with a grin.

It is very clear that the Alvis agri-business is a very well run business where the incentives are all there for each economic unit to succeed.

- [To fulfil a personal drive and ambition to do something great or to be the best](#)

A consistently prominent philosophy in the operations I visited is that they want to be the best. The essence of this philosophy is that farmers may have other motivations – but their drive to achieve their goals is what pushes them forward.

Natais

Natais president Michael Ehmann founded his family’s integrated popcorn operation following his move from Germany more than 30 years ago. He was looking for a product that would grow well in Southern France and saw an opportunity for Popocorn, which fits the cold nights and warm days of the area. Today 240 farmers supply his company, Natais.

Michael was always passionate about farming entrepreneurship. “If you don’t like it, don’t do it – you have to have fun” he says. “If your business is only driven by finance then it is very complicated. You need a different motivation – be it farmers, customers or staff. You need to make people involved in your business.”

The popcorn operation started with a trip to the USA with his wife –Michael took 2 bags of seed home to try growing it. He talked to a potential buyer from Germany – there was no reason for him to buy Michael’s unproven product, but he did. “He was backing a young farmer who was trying something”.

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At this time the market was convinced that popcorn wasn't a European product – it was seen as solely American. Natais needed to start a cultural change of customers – Michael describes it as “death by a thousand cuts”. Ultimately he got through.

In 2005 he had 30 people working for him. “You can't direct all those people. Middle management is needed”. Michael found he needed to delegate authority, as while he was a ‘people person’ who was happy leading through relationships, he was not comfortable leading through a structure. “We needed to open our eyes. What could we do? What could we not do?” he said.

At this point, he hired a General Manager. There was “social tension” at this point, because the GM changed things. The change wasn't sitting comfortably.

“I very nearly decided to fire the GM and start again” says Michael. Instead, he opted to support the change.

“Now, looking back, I should have done this years earlier. Sometimes you need to be pushed to the point of crisis to change anything. The role of new people is to change things,” he adds.

The General Manager has “skin in the game” with a 15% shareholding in the company. The company now has a steering committee meeting every month. Decisions are delegated. “You have to be comfortable with someone making a mistake –this is how they learn. The team has to be behind each other” says Michael. He also says that you must avoid too much focus on weak points of the business.

Today Natais has more than 70% market share of the European popcorn market and has over 240 farmers growing for them, with another farming operation based in South Africa enhancing their consistency of supply. They have a strong grounding through a focus on good farming techniques, advanced processing and expanding market distribution.

Natais has an apparent obsession with the product itself – they know it as well as anyone. This started with Michael's visits to the USA every year, where he attempted to visit every key person in the popcorn industry and see their operations. Through this he developed a joint-venture to produce popcorn seed – this is a key foundation of the business.

If Michael wasn't still in the business, he says it would still survive, but that it does need personal involvement.

“Relationship with the farmers is key – they like to be associated with something successful” he says.

Michael wants to make a difference, change things, create things and ultimately, change people.

Raimund Artner

Raimund Artner is an Austrian farmer based in Sigless who grows garlic organically, principally because “Austrians want Austrian product”. He farms 100 hectares, with 25 owned and 75 leased, 35 of which are dedicated to garlic production.

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His Grandfather farmed on a commercial scale, with his uncle continuing the family business and his father farming 2 hectares 'on the side'. He always wanted to be a farmer, having first driven a tractor at 6 years of age.

Raimund started growing garlic in 1998, his first crop being ½ a hectare. His entire operation was 10 hectares at the time. He began with garlic as he wanted another cash-crop, thinking he would try it for a few years and judge the results. As he puts it "this crop gets you", so he is still farming it now. He grows a number of different European varieties, each with their own characteristics, which have become evident over time. The biggest barrier to better yields is that land in the area cannot be irrigated due to regulatory constraints – although at planting time wet weather is also a problem.

The principal reason for growth and success in the business, as Raimund sees it, is his ability to lease land from farmers who are happy with his organic techniques. Basically, land owners want to give him their ground as he looks after the soil.

"In Austria the land is limiting as there is not enough. A lot of farmers go to Romania, Slovakia, and Hungary. Land there has been cheap but is rising [in cost]".

He is convinced that organic production is the preferred market offering in Austria, being good for people and the environment. He engages a farm consultant from Germany two times a year to give him new ideas about his farming system, and has also focused on travelling abroad principally to study other garlic operations.

His key farming philosophy is to work on "the green bridge" whereby he improves soil quality through the correct rotation of plants. "There should always be something living in the soil" according to Raimund.

In addition to garlic, he grows corn, wheat, spelt wheat, rye barley, and peas for animal feed. He also runs his garlic packhouse and drying operation, principally packing his own product, but also packing and selling around 15 hectares of crop for other farmers.

Raimund is fired by business success and committed to improving his practices.

"Raimund Artner makes a step, and then he makes another step. This is the engine of Raimund. He is a good farmer and a good marketer," says Robert Wappl, Austrian Organic Farmer.

- Building and working from a solid financial foundation, investing in the business

A key to any business is its financial backing. This can be a particular strength or weakness in farming operations. The multi-generation aspect to many of these businesses, and their land-based nature, gives them the means to fund expansion into prospective areas of interest. Indeed, the family and land-based nature of our businesses means that investment happens over years without it necessarily being overt.

Over many years farming operations have leveraged natural advantages in these areas to develop properties. As with "social licence" to farm considerations, in the current environment an

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understanding of regulations and laws are a massive benefit to agri-businesses looking to develop their properties.

Agriculture also requires stretched cashflow year on year in order to produce a product and then wait on sales a significant amount of time later as crops grow. In the extreme, forestry and similar industries have very long-term payback.

In the “value-added” area there are also lags in cashflow that are difficult for businesses to sustain. This can be an advantage for agri-businesses, and a reason why many involve themselves in comparatively low margin industries. Farm operations are prepared to take a leap of faith as they have long-term aspirations (see Schouten cited above). This can, however, be a two-edged sword, as conservatism can also pervade due to the long term outlook.

While often considered a sunk cost, it is also worth noting that the payback on land purchase is a multigenerational prospect.

- [Enhancing competitive advantage and responding to the market](#)

Often while farming itself is not the main activity or revenue earner for the business, it is the philosophical bedrock on which a wider business operation is built. An example of this is the Garlic Farm on The Isle of White, which has leveraged their local farming persona into a market advantage.

The Garlic Farm on the Isle of White is the United Kingdom’s most prominent garlic growing operation. Specialising in garlic products, the Boswell family services a multitude of markets with seed, fresh garlic and processed products. They also run a farm shop and restaurant complex and run commercial cottages to provide accommodation to tourists.

Whilst the acreage of garlic grown on the Isle of White itself is modest compared to some of the larger international producers of garlic, the business leverage principal Colin Boswell’s reputation and their family’s origins in the industry into successful business.

The family began growing garlic in 1975 when Colin returned to the family farm after studying marketing. His mother suggested he try a 'strange foreign crop'. By the 1990s they were responsible for growing and sourcing product for approximately 70% of the UK garlic market. Their main customers were the major retail chains, with most product being purchased out of Spain and California.

In 2001, after some years of struggling to make the business viable with the chains, Colin wrote a letter to their major retail partner to express his dissatisfaction with the requirements to supply them. “At this point we were farming around 150 acres after previously having up to 1000. We basically had to buy the retailer’s business and it just wasn’t working” he said. As a result he was dropped as a supplier.

Direct retailing and the farm shop started that year, with the restaurant opening 2008. Their key founding philosophy was to never supply a supermarket again. They now have 40 staff on the payroll, 30 of which are in the restaurant and retail side of the operation, with 10 in the production and administration side.

They also grow some sweet corn and asparagus for the shop. They feature products such as garlic beer, operated by a brewer who uses space on site. They have a well organised team, with Colin’s son-in-law Tom heading the marketing arm of the business. They have a wide

How does an agricultural business maintain its essence and become better at fulfilling its purpose?

and impressive product offering – making the use of sub contracting and packing of products that they quality assure.

Conclusions

This paper has touched on the key philosophical foundations of well-run and aspiring agri-businesses. Various traits are common in most of these businesses.

However, one factor that was not identified in these was a ‘simply, because it’s what we do’ attitude. The philosophy was cited, but does not reflect actual practice. Often times people assume that they are farming the way that their forefathers did – even though they are using far different techniques in the field, and operating at a far different level in the market. I discount this as a purpose that will allow top performance – to be this rooted in a philosophy that does not allow improvement is a recipe for bad business performance.

That said, the multi-generational aspect of farming remains a key strength in the industry. Multi-generational knowledge is important. Often times farming and business intuition is well honed due to the amount of time and situations that farmers have been exposed to over their lifetime.

However, they still welcome innovation, and organise themselves well. All of them are expert in technical operation of their business. E.g. if they are a wheat farmer, they are good at it and drive performance in this area, or if they deal with markets, they busy themselves with getting all the information necessary so they know the market.

Perhaps the most common theme in talking to companies who have succeeded in growing their businesses beyond their natural trajectory has been that they have taken a leap at the appropriate time. They have structure to the strategic operation of their business – but at the same time know when to take a risk and grab an opportunity. While they have a structure, if needs-must they will over-rule their board.

One of the other most evident aspects of organisation in good farm businesses that I observed was the involvement of other people in helping manage and run the every-day activities of a company. This applies to both operational and strategic decision-making. Business people essentially have to identify what they are good at and pay for the rest (be that through employment, contracting out roles etc.).

Companies also require relationships along the supply chain. In the least, good companies have productive relationships along the value chain, with some owning the value chain. A willingness to do better results in businesses integrating their business both horizontally and vertically to gain market advantage.

Essentially, successful businesses are not prepared to compromise on providing the right product to the market. This is a combination of point of difference AND providing the necessary volume to have presence in a market. One competitive advantage that farm businesses have is that there are great stories in our businesses that consumers want to hear. And they are willing to pay for them.

As noted previously, many of the above aspects are required to succeed in the market, and they can be affected by many different philosophies. The most common I viewed, was the drive to succeed. Many times this drive encourages “risky behaviour” that provides more inspired results, but risk by its very nature does not always result in success. The “drive” means that when something doesn’t work we find another way.

What agri-business does best is affect what it can, take account of the factors beyond its control, and get on with it.