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Message from main sponsor of the Agbiz Congress 2016



Agbiz 2016 – Fit for the future

Nico Groenewald, Head of Agribusiness at Standard Bank, e-mail:
nico.groenewald@standardbank.co.za

Henry Ford (1922) said in his book, *My Life and Work*: “The moment the farmer considers himself as an industrialist ... farming will be considered as among the least hazardous and most profitable of occupations.” In a sense referring to innovation, Mr Ford’s statement still holds some lessons for agribusiness, albeit not restricted to industrialisation, which was characterised by, amongst others, the use of technological innovation to solve problems.

No doubt, technological innovation is still part of the wave that will make agriculture and agribusiness fit for the future, but the concept of innovation and its relation to future success is arguably much wider than just technology or technological innovation.

To be fit for the future there are certain critical areas of our businesses that will demand ongoing innovation, thereby ensuring a level of business fitness that will help weathering the external storms in turbulent times, and in fact allow the building of a basis for sustained growth.

When looking towards the sports arena for an analogy, training invariably comes to mind as the primary building block for fitness. Similarly, our future business fitness will strongly depend on how we, not only as individual agribusinesses but also as a broader collective, develop and nurture our people, the future “athletes”, to pick up the baton.

Research from Australia indicates that 42% of the workforce in 2020 will be made up of the Generation Y’s (born in the 80s to 90s) and only 16% of them will choose to live in non-urban areas where we practice agriculture. South Africa’s demographics regarding urbanisation coupled with the aging population of our primary producers are well documented, reflecting similar trends, exacerbated by historical legacies that necessitate an even greater focus on inclusivity. Against this background, we need to ensure that forming the right partnerships with academic institutions, supporting the right training and development initiatives, and being innovative with actions will ensure that the right talent stays and chooses agribusiness. As Edward Scannel from the University of Arizona puts it: “Retention is best when the learner is involved.”

Organisations such as Agbiz and its association with like-minded institutions will add to our collective fitness in this regard.

Another building block of physical fitness is flexibility or suppleness. In agribusiness, being fit enough to win in the future will require organisational flexibility; how we organise and design our businesses with a focus on agility and the ability to increase or change the pace and direction in which our business is running. Of late some encouraging developments on the agribusiness landscape indicate that the SA agribusiness environment is already taking this aspect seriously. Innovative reorganisation of organisational structures is taking place and is likely to increase. There is carefully planned structuring of balance sheets and funding models, and horizontal and vertical alignment in different forms and shapes are taking place with complementary businesses in several agri value chains aiming for growth and expansion. The focus is on a bigger part of consumer spending, locally and internationally. Keeping Henry Ford's quote in mind, innovative organisational positioning, design, funding and business process solutions will result in agribusiness achieving strategic fitness.

Physical fitness also has a strength component. From a broader business perspective, it is likely that the external framework within which we operate will place increased administrative and legislative weight on our shoulders – more complexity and more risks. More so within agribusiness where various trade and phytosanitary requirements will add to the list of general regulatory requirements. Strong and sound compliance frameworks will be a prerequisite in such a tough environment. Association with the appropriate industry and other bodies such as Agbiz will promote the required representation where industry, Government and international role players need to collaborate and coordinate. This statement has added weight when the unique demands on business emanating from our political environment are added to the game.

A business with a competitive advantage is like Bruce Forgyce in the 80s – in a league of his own. Being fit for the future would mean having that “thing” that makes you better than the competition. It could be excelling in one or more of the fitness aspects already mentioned or it could be sitting within Henry Ford's original quote, within the application of technology and its potentially winning relationship with operational excellence. It means being able to produce cheaper, or process cheaper, faster and/or at a higher quality, only to be cautioned by the known view that technology is not the solution in itself, but rather an enabler driving efficiency in support of broader solutions.

Given the environmental challenges we face and the increasing business imperative that is developing from it, the application of green technology and aspects such as traceability are likely to contribute to competitive advantage opportunities. It is likely that agriculture will be called to account on its almost complete dependency on fossil energy, which is high in greenhouse gases. Increased agricultural production has also resulted in high volumes of biowaste, a significant cause of greenhouse gas emissions. The industry has a responsibility to move to renewable energy sources and also to reuse, recycle or reduce its biowaste output.

This in itself could develop into a competitive advantage if innovative solutions fitting the broader business strategy are pursued.

In closing, to be consistently at the top of the business log in future will require an all-round approach, applying the different components of business fitness in various combinations, influenced by an ability to interpret external signals and shifts.

Using the analogy of physical fitness, the missing component to complete fitness is mental strength – the ability to maintain focus, to keep on moving forward despite difficulty. Standard Bank has been associated with agriculture since its establishment more than 150 years ago. The opportunities and challenges facing our business and also those facing agriculture over this period have led us to believe that the South African agribusiness landscape understands the root of mental toughness which has its origins in motivation and the desire to succeed. Standard Bank is convinced that these characteristics will underwrite your combination of the building blocks for future business fitness resulting in a winning combination. Keep moving forward.