# AGRIBUSINESS AND EXTENSION: CHARACTERISTICS OF SUCCESSFUL PROGRAMS TO SERVE A RAPIDLY CHANGING CLIENTELE

**Jay T. Akridge**

**Abstract**

The market for agribusiness extension activities and programming is diverse, intensely competitive, and national or international in scope. It is a market that agricultural economists cannot serve alone. Despite these complexities, a strong agribusiness extension effort is critical to the success of agribusiness research and teaching programs. Agribusiness extension opportunities include extending traditional agricultural economics research, small business management programs, economic/technical education programs, and management education. Keys for conducting successful agribusiness extension programs include understanding client needs, locating and employing the best instructional talent available, and flawless execution of the activity. Stimulating faculty interest in agribusiness extension is a major challenge. Most schools will have the opportunity to focus their traditional extension education efforts on the non-traditional agribusiness audience. A few schools will be successful in developing a new extension program emphasis in agribusiness management education. Both types of contributions are important for the long-run viability of the profession.

*Key words:* agribusiness, extension, management education

Embraced by a few, shunned by some, misunderstood by many, 'agribusiness' has become somewhat of a buzzword over the past decade in the agricultural economics profession. With the traditional farm-level market for teaching, research, and extension efforts continuing to shrink, 'agribusiness' has been viewed as a panacea for funding problems and a natural extension of farm-level efforts. While both the funding and natural extension assumptions are subject to considerable debate, extensive discussions on how to serve the off-farm market have been held. And, while still limited, some efforts to reposition departments of agricultural economics to better serve an agribusiness clientele have been made.

Major conferences focusing on agribusiness teaching, research, and extension issues have been conducted (Armbruster; Downey). Agribusiness undergraduate, Master's, and Ph.D. level programs have been developed (Armbruster; Hambley). A new journal dedicated to agribusiness research has been created and expanded. Authors have tackled a myriad of agribusiness topics including the definition of agribusiness (Sonka and Hudson), what agricultural economists have (and do not have) to offer agribusiness (Brie; Crowder and Hoffman), and the agribusiness research agenda (Dobson and Akridge), to name a few. This surge of interest led to the formation of the International Agribusiness Management Association (IAMA) in 1991.

To date, most of the agribusiness-oriented activity in the agricultural economics profession has focused on teaching and research. (A notable exception is a recent paper by French.) However, one of the advantages that agricultural economists have over their competitors in the agribusiness area is the unique combination of teaching, research, and extension that is the cornerstone of the land grant system (Robbins). Perhaps nowhere is this combination more powerful—or more challenging to manage—than in the agribusiness area. A strong agribusiness teaching and research program requires industry contact and interaction to be successful. Extension provides an ideal vehicle for this interaction.

Defining agribusiness as including the entire food and fiber sector from output supply firms through sale to the final consumer, this paper will:

- Discuss some of the unique features of the market for agribusiness extension,
- Address the importance of agribusiness extension in a successful agribusiness research and teaching program,
- Outline some general agribusiness opportunities,

Jay T. Akridge is an Assistant Professor and Associate Director at the Center for Agricultural Business in the Department of Agricultural Economics, Purdue University, West Lafayette, Indiana. Journal Paper No. 13403 Purdue University Agricultural Experiment Station. The author gratefully acknowledges the helpful comments of Otto Doering, Steve Erikson, Betty Ottinger, and Lee Schrader on an earlier version of this paper.

- Identify characteristics of successful agribusiness extension programs and discuss how they are different from traditional extension programs,
- Present six keys for conducting successful agribusiness extension programs, and
- Discuss challenges for agribusiness extension.

Note that the perspectives offered in this paper are not the result of an exhaustive evaluation of every agribusiness extension effort in the U.S. Rather, they are the result of the author's observations and experiences with the Center for Agricultural Business (CAB) at Purdue University. Since its July 1986 founding, the CAB has conducted more than 100 continuing education programs involving some 3000 agribusiness managers. CAB makes no claim to a monopoly on conducting effective agribusiness extension programs—suffice it to say that the lessons learned have come from both successes and failures. Hopefully, these lessons will prove useful to others pursuing agribusiness extension efforts.

## THE MARKET

It is tempting to think of 'agribusiness' as some homogeneous group of firms in dire need of the assistance that agricultural economists can offer. Nothing could be further from the truth. Just as there is no such thing as 'the farm', there is no such thing as 'the agribusiness'. Indeed, the market for agribusiness extension programs is characterized by incredible diversity. Potential clients for programs run the gamut from major food companies—the largest corporations in the world—to the small, rural, owner-managed farm input store. Even within firms, needs that might be met by extension-type programs and activities are diverse, ranging from continuing education for the CEO, to sales training for field sales personnel, to outlook information for the corporate planning department. Combine this tremendous diversity with the rapid changes occurring as these firms attempt to deal with a changing production agriculture sector and a changing consumer and the end result is a complex market that holds many pitfalls for the uninitiated.

Another distinguishing feature of the market for agribusiness extension is intense competition. Such competition includes consulting organizations which can focus on econometric forecasts, market research, strategic consulting, or continuing education; business schools which provide generic management programs; and internal training departments staffed by the firms themselves. Like the complexity of the market, such competition is dismissed at one's peril. Many of these competitor organizations are first-rate and deliver an excellent product to their agribusiness clients.

A third feature of the market is the irrelevance of state and national borders. Few agribusiness firms of any size are limited to operating within the boundaries of a single state, and many have substantial international operations. This characteristic forces the international perspective into successful extension programs. In addition, it brings up tough issues centering around service to the institution's home state which administrators must address.

Another distinguishing feature of the market is the issue of confidentiality, such as dealing with proprietary information. Clearly, agribusiness firms are looking for every possible advantage in the marketplace. And most are not anxious to have other firms participate in an activity which they view as enhancing this advantage. However, this feature is probably overplayed by critics of agribusiness extension. If the firms are truly concerned about trade secrets and creating a unique educational program no one else can use, they have more than a few alternatives to a land grant university. However, there are many opportunities for universities to add value through extension activities without jeopardizing either the firm's competitive advantage or the university's public service mission.

Finally, this is an extension market that agricultural economists cannot serve on their own. The variety of issues facing any agribusiness decision-maker will likely require the expertise of scientists from production oriented agricultural disciplines, faculty from business schools, agricultural economists from other universities, government officials, and consultants. To focus only on the issues that an agricultural economist can effectively address will severely restrict the market for agribusiness extension efforts.

## WHY AGRIBUSINESS EXTENSION?

Given these distinguishing features of the agribusiness extension market, why should an agricultural economics department even consider pursuing efforts in this area? Several other authors have tackled this issue convincingly (e.g. Downey; Robbins), but a quick review will be useful here.

Any successful agribusiness program, whether the focus is teaching or research, requires industry interaction. Without regular, intense communication, educational and research programs can quickly lose relevance. Tom Peters in *Thriving on Chaos* spends more than 170 pages on how to become more responsive to customers. In a section titled "Become Obsessed with Listening," he says:

> Listening to customers *must* become everyone's business. With most competitors moving ever faster, the race will go to those who listen

(and respond) most intently. Marketers should be in the field at least 25 percent of the time and preferably 50 percent of the time. *Everyone* should make several customer visits per year... (176).

Extension presents an ideal vehicle for 'listening to our customer'.

In undergraduate and graduate teaching programs, such industry contact is needed to keep curriculum relevant and to maintain good relations with employers. With the majority of agricultural economics students taking off-farm jobs, solid agribusiness undergraduate programs are needed. And, if the forecasted shortage of agribusiness undergraduates materializes (Coulter et al.), it will be critical to keep communications open with employers; otherwise, agricultural economics departments will eventually be by-passed as agribusiness firms turn to other sources for their new employees.

In the research area, interaction with industry is needed to cultivate sources of data, secure funding, and identify relevant research problems. Good research on relevant problems has an eager clientele in the agribusiness industries. No other purveyor has the fundamental understanding of the agricultural sector enjoyed by agricultural economists. However, unless this understanding is focused on the pressing problems agribusiness managers struggle with, the firms will, again, find an alternative source of help in addressing their research needs. In an era when the question 'what have you done for me lately?' seems increasingly asked, we cannot ignore this important clientele.

A second issue, linked to the first, is the synergistic relationship that exists across agribusiness teaching, research, and extension. With resources scarce, the high degree of complementarity across all three areas is important. In theory, good agribusiness research has direct application in agribusiness extension programs. Extension activities can lead to practical, hands-on training materials that find their way into the undergraduate and graduate classrooms. Well-trained undergraduates and graduates find a market for internships and permanent positions cultivated in part through an institution's strong reputation for agribusiness extension and research. While none of this happens on its own, the benefits for a strong, coordinated agribusiness program that cuts across teaching, research, and extension would be considerable.

## AGRIBUSINESS EXTENSION OPPORTUNITIES

Given the size and scope of agribusiness, where are the opportunities for successful extension efforts? This is a question that will be answered differently at each institution as individual faculty assess their own talents, find a market for what they know, or re-tool to serve a market that they identify. However, a few general agribusiness extension opportunities are presented below.

**Extending Traditional Agricultural Economics Research.** Not enough attention has been given to the off-farm clientele for traditional agricultural economics research. There is a real opportunity to extend work in farm management, agricultural policy, international trade, and so on, to agribusiness managers—especially when such work is packaged appropriately. Agribusiness managers are constantly searching for innovative thinking on topics dealing with the problems they face. Whether the issue is environmental regulations, farm-level decision-making, or food safety, solid research on current topics can make a real contribution.

Successfully addressing this opportunity involves good research on important problems delivered in a timely fashion. The timeliness issue is important—it is easy to conduct research that is out of date by the time the information reaches agribusiness decision-makers. Simply getting research results in the hands of these decision-makers is another key. Such delivery may mean taking time to repackage a journal article or research bulletin into a concise, hard-hitting piece for the trade press. Or it may mean taking advantage of opportunities to present the information to trade groups, again aware that the presentation format will affect attitudes toward the work. A final delivery vehicle may be a conference built around a key issue. This type of forum can be an effective way to present research results and stir the thinking of the agribusiness clientele.

Too often, good work is disseminated only among other researchers and does not find its way into the hands of the agribusiness managers who can make immediate use of the information. The publication *Choices* is an excellent example of the kind of clear thinking on important issues of which the profession is capable. Hopefully, it won't be the last such effort. The broadening of the clientele base that this type of effort facilitates will likely be critical in the future as more difficult resource allocation decisions are made.

**Traditional Small Business Management Programs.** Traditional agribusiness extension clientele such as retail input supply firms, cooperatives, and small food processors remain an important group. While this clientele base is shrinking in number and increasing in size, extension programs aimed at such firms continue to present a real opportunity. To abandon this traditional effort now would seem to be a

serious mistake. Small business management has always been a strength of agricultural economists. And it is an area not served effectively by most business schools. Work in the small business management area complements efforts in rural development and can be important in maintaining support for land grant institutions.

However, the needs of this group, like those of their larger counterparts, are changing quickly. These firms are getting larger, dealing with more regulations, and marketing to a rapidly changing customer base. To assume that the same small business management program which has worked for the last 15 years will continue to meet the needs of this group is a mistake. Given the shrinking resources available to serve this market and the consolidation of the firms in the market, cross-state extension efforts make a great deal of sense.

**Combining Economics with Technical Education.** Many technical departments like food science and animal science have strong relationships with industrial clients. For almost any technological development, questions about the basic economics arise: What are the costs? What are the benefits? How quickly will it be adopted? In many instances, technical scientists are eager for answers to these questions. Agricultural economists again can make a contribution extending research on these issues to complement work in their sister departments within the school of agriculture. Such interdepartmental work, while carrying a fairly high start-up cost, can offer an entre into the agribusiness arena, provide a ready source of data, lead to publishable research, and may find favor with administrators. This pooling of efforts requires considerable coordination, but given appropriate recognition from administrators, it seems a natural opportunity.

**Management Education.** Here, the focus is on continuing management education for practicing agribusiness managers in larger firms. The need for such continuing education to maintain competitiveness has been noted by a variety of authors (Downey; French). This opportunity probably offers the greatest potential benefits, but is also the most distant from the traditional strengths of an agricultural economics program. Opportunities exist across the distribution of agribusiness firms, management functions, and management levels. From individuals with technical experience and/or training but little or no management experience to experienced agribusiness managers, all need continual training and retraining in the management area.

Management programs aimed at regional, national, and international agribusiness companies provide a direct link with the firms that hire agribusiness students. Materials developed for these programs make for a richer undergraduate and graduate teaching classroom. These are the types of firms that have the resources to fund research. Clearly, opportunities for continuing-education management programs abound.

However, some issues involved in developing such programs should be noted. In virtually all cases, these programs will need cooperation from a business school to be successful. Few, if any, agricultural economics departments have faculty with sufficient experience and training to teach business marketing, strategy, human resource management, finance, accounting, and so on. Simply put, a joint venture is likely to be more successful than an individual effort.

In addition, while the first three opportunities are likely to be supported through state or federal monies, opportunities in the management education area will need to be funded by the firms themselves. Some have suggested that such programs could become major profit centers for universities (Armbruster; *The Economist*). While possible, this will not happen easily. First, as indicated above, competition in this market is intense. Managers in agribusiness firms who want continuing education have alternatives to those programs developed by agricultural economics departments. Second, these types of programs are expensive to conduct. Small group sizes, top-quality faculty, and first-class accommodations increase the cost of the program. Combining out-of-pocket costs with university overhead usually results in relatively high fees.

However, the price of the ticket is not really the issue here—if the program is good and this has been communicated effectively, participants will pay the price. Rather, the price of the ticket means that effective marketing is critical. Demonstrating the uniqueness of the product and clearly communicating the benefits of a program is just as big a challenge for a university as it is for a business person. And universities seem to do a better job teaching marketing than doing it. In addition, participants' expectations are moved to another level entirely when the ticket is expensive—someone paying $2000 for a one-week management education program has a very different attitude than a person who comes to a program for free.

To summarize, there are tremendous rewards to a successful continuing-education management program. And not everyone needs to pursue expensive executive development seminars. However, to view such programs as 'easy money' is a serious error. One enters this market with sleeves rolled up and both eyes open.

## SIX KEYS TO SUCCESSFUL AGRIBUSINESS EXTENSION PROGRAMS

The following keys represent some lessons learned through the continuing education efforts of the Center for Agricultural Business at Purdue University. While they apply to all of the opportunities presented above, the points below are targeted especially at the last opportunity, management education.

**1. Pick a Niche.** Given the diversity of the agribusiness sector, it is ludicrous to expect that one program could effectively serve the entire sector. A program that does not pick its niche runs the risk of having a product designed for everyone but which fits no one.

**2. Understand Client Needs.** One size does not fit all agribusinesses. A successful niche marketer must address the unique needs of the client. If not, a more general purveyor of educational programs can serve the customer—probably at a lower cost. The importance of adequate background preparation cannot be overemphasized. Agribusiness groups are a demanding audience—especially those that pay full fees to attend big-ticket programs. Eager for any new information that will help them make better decisions in the future, they have little time for presentations that are yesterday's news or that are too basic. Underestimating what they know is easy to do and can be disastrous. While general management problems may be similar across industries within the food and fiber sector, each industry has its own set of nuances. This means that time must be spent in the field working with firms to understand their problems, their vernacular, the market they operate in, etc. Like the firms served, agribusiness extension specialists must be market-driven and design their product to fit the needs of the client—not take a product and look for a market. Length of program, teaching format, material, etc. will all need to be reviewed and altered for each client.

**3. Find an Industry Champion.** Even if the concepts in points 1 and 2 have been carefully followed, the program may still fail miserably. Many managers may not perceive a need for the efforts that a coordinated program demands. Helping individual managers understand that continuing education is important and that the program offered is a quality one is no small task. Getting buy-in for the program in many cases will require an industry champion. Selling a continuing-education program is a time-consuming task in which few academics excel. A person well-positioned in the industry who is willing to promote the effort can be tremendously helpful in making an idea fly.

**4. Locate and Employ the Best Talent Available.** As indicated above, no agricultural economics department has all the resources needed to put together a successful program. Other agricultural economics departments, management schools, and other departments in the school of agriculture must be scoured for resources. A successful agribusiness program requires top quality instruction—in every dimension. Agribusiness managers attend many conferences with truly outstanding speakers. They have little patience with ill-prepared and unorganized presenters, especially when they are paying the bill. Materials, delivery, teaching format, room set-up—all must come off professionally and reinforce the material. From the moment a participant signs up, through the program itself, through any follow-up, all logistics must go smoothly. A coordinated, professional effort from start to finish is a must.

**5. Think Long-Term.** Agribusinesses are looking for more than a single continuing education activity. The real opportunities come through a sequence of educational programs that continue to challenge and stretch individuals. This also encompasses steps taken after the program to insure that the ideas presented during the program are applied. Selling a second program is considerably easier if there is tangible evidence of success and impact from the first effort.

**6. Pursue Linkages with Teaching and Research.** The benefits of this kind of programming must constantly be sought out to truly make agribusiness extension a wise use of resources. Taking advantage of opportunities to get visiting agribusiness managers in the undergraduate classroom or following up on a research lead and making the appropriate contact is real work when the next program is coming up shortly. However, such capitalization on the opportunities provided by agribusiness extension will be a hallmark of a quality program.

## CHALLENGES

What does the future hold for agribusiness extension efforts? Perhaps the single biggest challenge will be stimulating faculty interest in agribusiness extension. Encouraging researchers who typically write for an academic audience to extend their work to the agribusiness trade press will test the skill of administrators. And, for those individuals who want to work directly with agribusinesses, another issue looms: business schools typically handle such industry service activities as outside consulting. Why would capable agricultural economists with a research and teaching appointment want to take on extension when they could pursue (financially lucra-

tive) outside consulting like their business school counterparts? This is not an easy question to answer.

The effort it takes to establish a successful agribusiness extension program is substantial, and without faculty commitment the result will be mediocre at best. However, such faculty commitment cannot be mandated from the top. It will take a variety of incentives to address the issues raised above and secure the needed commitment. One such incentive is administrative commitment to acknowledge agribusiness extension work in decisions on promotion, tenure, and salary. Allocation (or re-allocation) of faculty appointments to agribusiness extension would also signal a committment to the area. Overload payment programs like those used in business schools may well be needed to induce faculty to add agribusiness extension teaching activities to their already tight schedules. Finally, the importance of communicating the potential benefits to faculty from frequent contact with agribusiness firms should not be overlooked.

Most schools have the resources to pursue the first three agribusiness extension opportunities discussed above, and many programs are underway. The extension of traditional agricultural economics research and the establishment of small business management programs and economic/technical education programs are part of the on-going land grant public extension education obligation. The development of new efforts and expansion of existing efforts in these three areas would make a real contribution to broadening the clientele base of the agricultural economics profession.

The fourth opportunity, management education, is another matter entirely. Several programs will likely be started, with an inevitable shakeout occurring in the future. Some institutions will emerge as centers of excellence in this area. These programs will serve as coordinating vehicles and will draw on faculty from other institutions to design and execute programs which meet the needs of their clientele.

Whether this niche market for agribusiness management continuing education will exist over the long run is, to a large extent, determined by the marketing savvy of those involved. The few departments of agricultural economics that will be successful in this niche market will build on their unique strengths and areas of expertise and recognize their role as both instructors and coordinators. For them, the management education niche will continue to be an important part of their total agribusiness management programs. Failure to understand the market for agribusiness management education and to develop appropriate programming will result in loss of the niche to competitors or the disappearance of the niche entirely.

In the end, I believe agricultural economists belong in the agribusiness arena and am optimistic about the profession's ability to serve a broader clientele. For most, this service will involve focusing traditional efforts on a non-traditional market. For a few, serving an agribusiness clientele will mean a major new programming opportunity in management education. Both types of contributions are important for the long-run viability of the profession.

## REFERENCES


Armbruster, W.J. and T. Grace, eds. *Agribusiness Education in Transition: Setting Directions for Global Competitiveness.* Oakbrook, IL: Farm Foundation. October 1991.

Brie, A.W. "Involvement of Agricultural Economics in Graduate Agribusiness Programs: An Uncomfortable Linkage." *West. J. Agr. Econ. 13.1 (1988) :128-133.*

Coulter, K.J., A.D. Goecker, and M. Stanton. *Employment Opportunities for College Graduates in the Food and Agricultural Sciences: Agriculture, Natural Resources, and Veterinary Medicine.* Washington, DC: U. S. Dept. of Agr. Higher Education Programs, Cooperative State Research Service, December 1990.

Crowder, R.T. and G.H. Hoffman, "Ideal Academic Products for Industry: Research and Graduates." *Am. J. of Agr. Econ.* 71.5 (1989):1191-1194.

Dobson, W.D. and J.T. Akridge. "Establishing Agribusiness Research Priorities and Coordinating Agribusiness Research." *Agribusiness: An International Journal.* 5.4 (1989):315-333.

Downey, W.D., exec ed. *Agribusiness Education in Transition: Strategies for Change.* Report of the National Agribusiness Education Commission. Cambridge, MA: Lincoln Institute of Land Policy. June 1989.

*The Economist.* "Leaner Times for Business Schools." 8 Feb. 1992, pp 65-66.

French, C.E. "Innovative Programs for Improving Continuing Education and Executive Development Programs." Paper presented at the Farm Foundation Conference on Agribusiness Education in Transition: Setting Directions for Global Competitiveness. Chicago, IL, May 13-14, 1991.

Hambley, D.I. *Masters Degree Education in Agribusiness at U.S. Colleges and Universities: A Comprehensive Survey of the Curriculum Structure of Existing Programs.* Cambridge, MA: Lincoln Institute of Land Policy. June 1989.

Peters, T. *Thriving on Chaos: Handbook for A Management Revolution.* New York: Perennial Library, 1988.

Robbins, L.W. "A Positive Role for Graduate Agribusiness Programs in Agricultural Economics." *West. J. Agr. Econ.*, 13.1 (1988):121-127

Sonka, S.T. and M.A. Hudson. "Why Agribusiness Anyway?" *Agribusiness: An International Journal*, 5.4 (1989): 305-314.