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COW-ALITION, FROM SOLO TO STRATEGIC ALLIANCE NETWORKS HAVE MORE INNOVATIVE POTENTIAL THAN INDIVIDUALS

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Abstract

In the Netherlands a network program is active. Groups of farmers are stimulated to work together with researchers to achieve certain goals. I will address in my contribution questions, like what is a network, how does a network emerge and how can a successful network be pointed out? As case I will discuss the network I am involved in. This is called “Cow-alition”, because we work together with other farmers to try to realise a “rich life” by combining labour, buildings, land and machines to operate efficiently and spread the risks. Such a coalition needs knowledge and tools in technical, economical and management fields, but most of all social skills. Questions that will be addressed are how to measure if persons can work together, how to manage such a type of coalition and what are the threats and opportunities?

Keywords: network, cooperation, social skills, economics

Network Program

The animal husbandry sector in The Netherlands is looking for new perspectives for a sustainable future. The capacity to create such new perspectives depends largely on farmers who know where to find supportive ideas, supportive knowledge workers and supportive actors in the production chain, amongst consumers and in government, in order to make changes possible. Assumingly networks are playing a crucial role in this regard. In 2004 an experiment has started to support networks of farmers by providing subject matter specialists (mostly researchers) as facilitators assisting them in realising their ideas. The Ministry of Agriculture, Nature Management and Food Quality is funding this experiment, as part of its search for a new role in stimulating innovations. The experiment will continue until the end of 2007.

Assumptions

The experiment assumes that networks have more innovative potential than individuals. Providing networks with facilitation for the co-creation of knowledge is believed to be a powerful approach for creating a climate that is conducive for sustainable innovations. A second assumption is that farmers ideas form a good starting point and that their enthusiasm is a critical factor for success. This assumption redefines the role of the researcher from a knowledge producer to a facilitator in knowledge co-creation. A third assumption is that subject matter specialists can do the job, provided that they will be given a backpack with facilitation tools and skills. Their knowledge of the subject matter is believed to be crucial for their relationship with the farmers. On a personal level, however, the role of facilitator does not fit every researcher. Personality, good communication skills, motivation and enthusiasm are probably even more important than subject matter knowledge to play the facilitator role successfully.

In a network the experience and creativity of all members can be shared for more appropriate outcomes. The threshold for implementing changes at the enterprise can become lower because of the social interaction within the network. Important as well is the impact on other stakeholders that should move along when innovations are to be implemented. The experiment shows that a network of farmers can

make things move, as they have become a negotiation partner for policy makers, stakeholders in the production chain or organisations for nature conservation or animal welfare.

Free Actor

Regarding the process, the full potential of a network only emerges if there is at least one free actor who can take the network at a higher level of coherence. A free actor is someone who has the vision, the position and the energy to do what is necessary for the network at a certain stage. Providing such a free actor on a temporary basis can enable the network to rearrange itself and take a next step in its development. In the experiment this role is played by the facilitators. However, this is not an exclusive role to be played by externally appointed facilitators. Everybody with the necessary qualifications can be the free actor in a network, even one of the network members.

Definition and Selection

For the experiment networks are defined as: a group of at least three farmers plus others with a common objective to achieve and (if not common, at least) a common desire to learn.

The experiment uses a tender procedure to select the networks. Over the last three years in total about 100 networks are supported by the Network Program.

Energy is a primary criterion for the selection of networks that participate in the experiment. Applicants should show initiative and enthusiasm for the subject they propose to be investigated with assistance from research. If approved, a facilitator is added to the network who is knowledgeable about the subject and can share the enthusiasm of the network members.

Facilitators and Tools

Through these facilitators farmers easily get access to experts who appear to be important for their search and learn process at the time this is appropriate. Furthermore, skills and personality of the facilitator should be taken into account for choosing the most appropriate intervention. The tools provided for this purpose have in common that innovation is being regarded as an autonomous processes that occurs in a conducive biotope. The tools applied in the experiment help to:

- Recognise different situations in knowledge networks and processes;
- Identify limiting and enabling factors in these situations;
- Choose an appropriate interventions in order to create space for flow;
- Analyse the commitment and position of participants in a Network Analysis.

Explaining the tools in full detail would go beyond the scope of this paper.

More information on this subject is presented in the paper entitled: *Facilitating sustainable innovations by networking; Experiences with 100 networks in animal husbandry in the Netherlands* by Eelke Wielinga, Francisca Hubeek, Klaas Jan van Calker, Wim Zaalmlink, Maarten Vrolijk.

Cow-alition Network

The Cow-alition¹ Network consists of six families owning five dairy farms in Friesland (North part of the Netherlands). Within the framework of the Network Program the Cow-alition Network started in 2006 and is still running. The actual birth however, took place in April 2005 after a long period of breeding on the idea.

¹ The official network name is 'Ko-alition' in which 'Ko' in the Frisian language means cow.

Conception

Over the last decades I saw several trends in dairy farming in the Netherlands (1) the increase of farm size and thereby the increase of costs for capital investments (i.e. in land and milk quota), (2) the increase of labour costs and (3) the decrease of milk prices. As a starting entrepreneur in dairy husbandry these trends did not paint a positive picture to me and my young family. And beside that, I also wanted to keep the opportunity to spend quality time with them, and they with me of course. So in order to remain a dairy farmer with a sustainable farm income and at the same time to be able to have a good family and a social life, something had to change. This was the moment I conceived the idea of creating a strategic alliance with other dairy farmers.

Objectives

A large scale dairy farm normally develops because small size farms quit while the bigger ones gradually keep growing. But will such a farm – with increasing costs and labour pressure and decreasing income – be able to withstand the international competition? Our network wants to find out whether a coalition of farm enterprises can be an option. On one hand a coalition will give us the opportunity to optimize the use of our labour, qualifications, farm land, buildings, equipment and machinery. On the other hand it will probably reduce the individual financial risks for the participants.

Participating in such a dairy coalition requires topical knowledge and skills in technical, economical, social and logistical fields. And, since it will also limit our individual autonomy, it also requires finding a legal and organisational structure that fits our personalities as well as our financial and social situation.

Matching People

But how to go about? Where and how to find potential partners?

I decided to use my network and the (inside) information from my former position as an agricultural accountant. I invited ten farm families in the region of which I thought to be potential partners and compatible with my idea. Criteria I used were the (assumed) personal characteristics of the people, the farm size and the fact whether they had a successor or not.

After several meetings six farmers decided not to participate in the project to investigate the possibilities to develop the Cow-alition. Their reasons were quite diverse. One decided the process was going too slow for him. Others liked the idea for themselves too. However, they were not interested in the Cow-alition and participated just to get information. And some regarded the meetings as social gatherings without anything to get or to give. In the end also one new member joined the network making it in total five farms. Table 1 lists some characteristics of the participating farmers and farms.

Table 1: Overview of the participating farms in the Cow-alition Network

| | <i>Farm size</i> | | | <i>Successor present</i> |
|---------------|------------------|-------------|-------------------|--------------------------|
| | <i>Ha</i> | <i>cows</i> | <i>Milk quota</i> | |
| <i>Farm 1</i> | 92 | 52 | 460,000 | yes |
| <i>Farm 2</i> | 32 | 60 | 420,000 | yes |
| <i>Farm 3</i> | 31 | 40 | 320,000 | no |
| <i>Farm 4</i> | 39 | 43 | 370,000 | no |
| <i>Farm 5</i> | 54 | 71 | 605,000 | yes |

There is Profit and PROFIT

Figures clarify so much more than words. Table 2 shows that beside the variable costs all figures are in favour of a Cow-alition.

Table 2. Impression of the cumulated financial results (2005) of the five individual partners and of the Cow-alition when in function (figures in €)

| | <i>5 Individuals</i> | <i>1 Cow-alition</i> | <i>Difference ('1-5')</i> |
|------------------|----------------------|----------------------|---------------------------|
| <i>Yields</i> | | | |
| <i>direct</i> | 818,000 | 865,000 | + 47,000 |
| <i>indirect</i> | <u>64,000</u> | <u>138,000</u> | + 74,000 |
| <i>total</i> | 882,000 | 1,003,000 | + 121,000 |
| <i>Costs</i> | | | |
| <i>variable</i> | 210,000 | 240,000 | + 30,000 |
| <i>fixed</i> | <u>422,000</u> | <u>295,000</u> | - 127,000 |
| <i>total</i> | 632,000 | 535,000 | - 97,000 |
| <i>Profit</i> | 250,000 | 468,000 | + 218,000 |
| <i>Liquidity</i> | - 106,000 | 110,000 | + 216,000 |

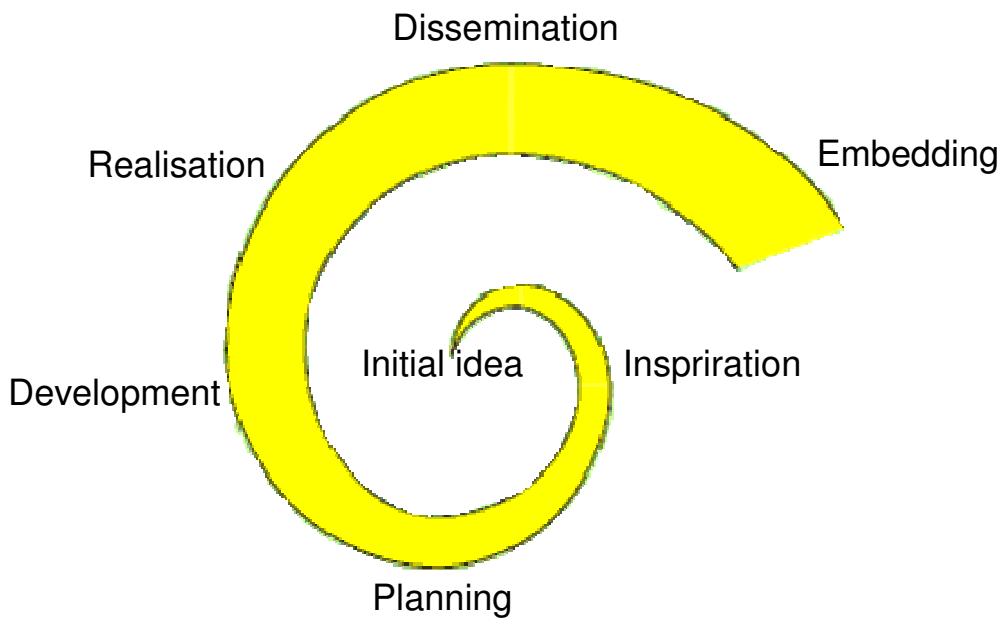
In total the results are quite positive for the Cow-alition. For the current potential participants this would mean that the Cow-alition provides enough money for a sustainable growth. Whereas they as individuals would have to undergo the daily struggle in finding the money to grow.

Visualisation

How can the Cow-alition look like? Knowing we still have five private farms (locations with buildings) at the moment we aim to use them all. In our view we want to specialise per location. Regarding our present situation this implies: two locations for milk production, one location for calving (dry period until a week after calving), one location for rearing (calves and heifers) and one location for sales (surplus animals with maybe some fattening first).

We target on establishing the Cow-alition as a single enterprise in 2008. Only then will it be possible to start big investments. The first investment will be to build a dairy farm on one location for all the lactating dairy cows.

Visualising Cow-alition in the Innovation Spiral, see figure 1, would put us in the Development stage. The Innovation Spiral is a tool used in the experiment to visualise the distinctive stages of innovation processes.

Figure 1: Innovation Spiral showing the stages in which knowledge may develop in networks

Managing the Cow-alition

At present the Cow-alition is in a preparatory phase. We do not have any far-reaching legal obligations yet, but are investigating several legal constructions. We focus on a construction in which no one stands above the others. We work for a common goal which is primarily an honest farm/family income. This also means equalising the labour input and the compensating other inputs like equipment, land etc.

In 2006 we have tested our cooperative and management skills in the harvest of grass and maize silage (see figure 2). One of us was ‘appointed’ as the managing coordinator. This was quite a success. In 2007 we will do it again and even better.

Figure 2: Working together in June 2006 to make a good grass silage.

At the moment we are doing a ‘personality test’ revealing our personal skills, motivation and interests. The result will be openly discussed within the group.

Threats

Communication is the key factor for success, non-communication for failure. On operational level communication is hardly a problem. However, on a personal level farmers in general are not ‘communication masterminds’ as it comes to expressing the things they like and dislike. I am not an expert in this field but I think it probably has to do with the – most often – individualistic character of the profession they chose. But in our Cow-alition communication about positive and negative experiences is essential. We have to stay open to each other and express our thoughts and feelings. Leaving things unsaid for too long will lift the threshold to communicate about it to a level where communication is not possible anymore. Eventually this will lead to a situation in which we can not work together anymore and thus the implosion or explosion (depending on the emotions) of the Cow-alition.

Opportunities

Together we are strong, very strong. We are strong because we share our qualifications, our views and our thoughts, bringing up new thoughts and ideas to improve our performance. This synergy makes us realise one and one is not two but three! This feeling gives us a lot of positive energy.

Working together also increases the strategic space we have to operate in. It opens up new possibilities. For instance, in 2007 we, as the Cow-alition, took on the lease of 15 ha of distant grassland. No participant could have done that by himself because it would have been too far and too much.

Social Aspects

The social aspect of being in the Cow-alition does not only apply for dairy farmers wanting time for a family/social life. As table 1 shows, two participants do not have successors. Eventually these farmer will go with pension and in general would have to sell all/most of their farm. In most cases this is quite a traumatic experience. Within the Cow-alition the latter is not necessary. Anticipating on the necessity of scaling up c.q. reducing costs (of which labour is one) in the future, participants can stay in the Cow-alition and therefore can still receive an extra income from their capital input without having to sell it.

Support Network Program

As stated in the objectives, participating in a dairy coalition requires topical knowledge and skills in technical, economical, social and logistical fields. In this respect we are very happy the Network Program could facilitate us. The program supports us with a facilitator (contracted from the farmers union LTO) and several researchers of Wageningen University and Research Centre.

Our facilitator, Hanneke Meester, mainly focuses on the process. She keeps us on course. She summarises where we are and helps us in setting new goals and making the plans how to get there. Hanneke also observes. She notices when participants get ‘lost’ in the process and consequently ‘brings them back’ (one more score for the threat of non-communication!).

In 2006 researchers of Wageningen UR have helped us in finding the right organisation of the silage making.

At the moment we are investigating several possibilities for a legal construction of the Cow-alition. This research is crucial to us and funded through the budget we receive from the Network Program.

Rhetorical Question

Could or would I have started the Cow-alition initiative without the support of the Network Program? A straight 'yes'! I would have tried, putting all my energy into it. However, I am convinced that without the support of the experiment we would not have been able to get this far; close to realisation! And time flies, for all of us. In other words, it might have been too late for some of us without this support.

Conclusions

1. A coalition of farms gives the opportunity to optimise the use of labour, qualifications and skills, farm land, buildings, equipment and machinery.
2. The Cow-alition provides more income for a sustainable growth than the five farms individually.
3. Communication is the key factor for success, non-communication for failure. Cow-alitions spend a lot of time in matching personalities.
4. Operating in the Cow-alition increases the strategic space to operate in. It opens up new possibilities.
5. Without the support of the experiment the Cow-alition would not have been able to get this far; close to realisation!