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Industry Speaks

Defining an Agribusiness Strategic Agenda for 2010-2020

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Editor's Note: *The Brazilian research, projects and consulting company Markestrat, presents a food and agribusiness research agenda which suggests areas for researchers to focus their attention over the next 10 years. Beyond the broad areas of sustainability and globalization what specifically will challenge businesses the most? Readers, please feel free to challenge the Markestrat proposal and submit your thoughts on a research agenda. We publish an "Industry Speaks" every issue, and would love to hear from you.*

Abstract

This article addresses the importance of having a research agenda that is useful to industries, government and organizations in the future. The authors propose and share 10 topics with the research community. It builds upon the sustainability of business operations critical in the next era, 2010-2020, and the importance of considering the company as a network of relationships and contracts. These topics include: empowerment, simplicity, technology, emerging consumers and markets, integration of economy, climate and environment, risk management and network value reengineering. A research agenda is outlined for each topic.

Keywords: networks, sustainability, supply chains, marketing, agribusiness, agenda

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Introduction and Objectives

Markestrat is a think tank created in 2004 in Brazil for projects and research in the field of agribusiness and food chains. It has three major pillars; scientific research, education and training, and consultancy. This mix of activities within one organization provides a rich environment for knowledge creation which supports public and private institutions. At its core Markestrat facilitates day-to-day interaction between industry and academics. More than 25 researchers work at Markestrat.

The major task of Markestrat is to supply managerial methods to the private and public sector. Several methods have been created and used over the years. Most have been published by international journals and consolidated into a book recently published by Routledge (Marketing Methods to Improve Company Strategy, 2010, 127 pag). One of the most important activities of Markestrat is in food chain quantification and strategic planning. The methods have been applied in the sugar cane, orange, milk, meat, fruits and wheat sectors in Brazil, Argentina, Uruguay, Mexico and Venezuela.

Being in touch with both public and private sectors, and linked to the University in the scientific area, provide an opportunity to discuss and conduct workshops on the 2010-2020 research agenda. It is important to share views and exchange experiences about the fast changing agribusiness environment with industry colleagues, policymakers, and researchers.

The objective of this article is to present a list of research topics, considered by the authors to be hot topics in the future. These strategies are important to consider if we wish to be come and remain competitive as we enter a period called the "network era" where food companies will be more intimately involved in their supply chains.

Method

This list is in part based on the previous experience of the authors, acquired in several international lectures, projects, and consultancies over the last 10 years. It was also developed from a review of relevant literature, case studies done by the first author for the Harvard Business School, and several in-depth interviews with executives on international investments.

The Big Picture: An Era of Sustainability, 2010-2020

Sustainability defined as the "responsible use of exhaustible energy resources and raw materials" is increasingly gaining attention throughout the world. Several factors have contributed to this heightened sensitivity— rising consumer awareness and expectations, the emergence of a new generation concerned with planetary welfare, the scarcity of natural resources in light of an increasing population; floods, hunger and lost agricultural areas due to global warming; and the impact of mass communication, which allows the immediate transfer of news concerning disasters, and bad behaviors by individual firms and farm businesses.

At a company level there is a growing concern that firms have to reduce impacts on the

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environment and increase transparency, promote greater inclusion and less social imbalance, and finally, increase the efficiency of the company's use of natural and renewable resources/energy.

Sustainability has three traditional major pillars; the economic dimension (profit), the environment dimension (planet), and the social dimension (people). We've added a fourth "P", pro-activeness.

Without economic sustainability, any other request is impossible, since companies cannot operate without positive margins. This is the first and most important component. A company must be economically sustainable.

On the environment side *(planet)*, major factors to consider are the impact of the company on the environment. These include: those of suppliers, transportation (food miles), packaging (trying always to recycle and reuse), waste management (generating less waste; separating and recycling; generating energy/fertilizers from waste), energy usage, emission reductions, water management, low impact building and facility construction. Consumers also have an incredible task as well to change their habits and become more responsible.

On the social *(people)* side, major factors include employee working conditions as well as the conditions in the company's suppliers and distributors, health and safety, use of child labor, safety equipment, promoting actions for local community, incentives for cooperation, small holder initiatives, technology transfer to smallholders, improving local companies capacity and ensuring that product lines provide consumers real benefits, especially where nutrition and health are concerned.

Finally, a company must be *proactive*. They should not only espousing sustainability, but demonstrating change through action. This involves building a code of conduct, following codes of industry associations and governments, budgeting for sustainability, initiating steps to reduce environmental impacts, monitoring and documenting activities, and assuring internal information is exchanged and communicated among various committees and boards.

Sustainability is the starting point for the next 10 years. The next session provides important topics where more research is needed, and where the interaction between academics and industry, the hallmark of the last 20 years of IAMA, will be valuable for addressing the challenges facing agribusiness.

Ten Topics for Industry Research

- What is industry going to do?
- What do they need from researchers?
- What linkages will make industry more effective in what they do?
- What knowledge needs to be developed?
- What are important research topics for the major agribusiness strategy think-tanks?

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Empowerment

Companies, networks and productive chains may become more valued by consumers if they operate by becoming more inclusive and finding a place for small shareholders at the base of the pyramid—small land holders, suppliers, distributors, and service providers. Over the next ten years consumers will expect companies to be socially responsible. For example, fair trade networks will gain more importance. Inclusion will be a topic of growing demand to promote job growth, and more equitable income distribution across the globe.

Integration of Economy

Greater value chain integration across the globe means that more research is needed on emerging countries' supply chains, as alternatives for developed world consumers, and emerging countries' markets as opportunities for market growth. More integrated chains mean knowledge about local institutions, organizations, customs, and practices will be in great demand.

Income Distribution

Rising incomes in many developing countries has generated a need for greater research on emerging market consumers. The growth of Islamic and Southern hemisphere consumers raises not only new questions about product- brand targeting and positioning, but also the sustainability impacts when these consumers adopt developed country tastes and preferences.

Climate and Environment (Preservation)

Low carbon networks (carbon management), networks adaptation to climate change, renewable energy networks, environmental certification, resource usage efficiency, network reversal (material reuse and recycling) and network integration for optimization of usage of byproducts will become key themes as firms and their networks attempt to reduce their adverse impacts on the environment. This is a major point for collaboration in future industry agendas as these issues often span multiple nodes in supply chains.

Technology

In this new era of hi-tech, consumers will value companies and networks that make "hi-touch" networks possible. Companies will be expected to be transparent and communicate directly with consumers on an individual basis through respect, engendering trust and problem solving.

Converging Industries

The next 10 years will be special in the convergence of industries, similar to what has occurred among telecommunications, cameras, watches, and the computer industries. The world will large growth in agri-ceutical networks (food and pharmaceutical), agri-cosmetics networks (food and cosmetics), agri-tourism networks (food and tourism business), and agri-fuel networks (food and biofuels). Research will be needed to understand the regulatory frameworks that will be associated with these converged industries.

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Risk Management

Although this has been done for decades, new approaches will be needed to serve more integrated companies and the broader network of firms. Risks will now naturally span national boundaries as will the associated risk management mechanisms. Speed and high levels of integration will simultaneously time compress the geography of risk while expanding the causes and effects associated with risk and brand integrity.

Communication

This area will see major changes. New media network communication, proactive network communication with stakeholders, priorities on inclusion, traceability and other trends will place a premium on corporate reaction times.

Era of Simplicity

It is a new era where simplicity will be valued, in terms of the company network management, market segmentation, new product launching, brand management, services, customer focus, sales management, etc. Simplicity in dealing with consumers, clients, suppliers, distributors will be key.

Network value Engineering

Finally, firms will need to balance the power of integrated networks with the increasing need to provide customer intimacy. As a result research on supply chain redesign, contracting, and value capture along the chain will gain even more importance.

Table 1. Ten Major Topics for a Research Agenda for 2020.

10 Major Topics	Research issues for managerial methods and networks
1 – Empowerment	• Chains & networks inclusion of the base of pyramid (smallholders) • Chains & networks social responsibility (working conditions) • Fair trade networks • Margin allocation and distribution
2 - Integration of Economy	• Developing countries supply chains (trade barrier relief) • Developing countries marketing channels
3 - Income Distribution	• Emerging consumers and chains & networks positioning • Building incentives for coordination (associations and cooperatives) • Neo-consumption (volumes/grains to proteins)
4 - Climate and Environment Preservation	• Low carbon networks • Chains & networks adaptation to climate change • Renewable energy networks • Measurement and certification of chains & networks • Chains & networks resource usage efficiency / optimization of by-products • Network reversal (re-use of materials or recyclable inputs)

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5 - Technology	• Chains & networks transparency and information exchange • Consumer "hi-touch" networks • Innovation driven networks
6 - Converging industries	• Agri-ceutical networks • Agri-cosmetic networks • Agri-tourism networks • Agri-fuel networks
7 – Risks	• Integrated chain & network risk management and mitigation • New market risks (carbon foot print)
8 – Communication	• New media chains & networks communication • Proactive chains & networks communication with stakeholders • Origin and processes (inclusion) • Traceability
9 - Era of simplicity	• Chain & network management • Market segmentation • New product launching • Customer focus
10 - Network Value Engineering	• Supply chain redesign • Marketing channels value capture • Collective actions in chains & networks

Conclusion and Managerial Implications

The next 10 years will present several challenges for companies and academics to address through research. Companies will need to: focus more, return to their core business, use capital and resources efficiently, and work even more on planning, collective actions and their cost structure. Companies will also need to carefully examine their risk monitoring processes. It will be an era of establishing global and more competitive supply chains and the development of strong value propositions in companies in order to attract and maintain critical human capital. Finally, it will be an era of more conservative leverage and finance, and taking advantage of opportunities for consolidation, acquisition, mergers and cheap assets.

To help the industry face the changes of the next decade academics will need to be more in touch with the real world and address topics that are useful to private companies, governments, and organizations. They will need to deliver more simple and direct messages with real impact on government policy and on strategies applicable to integrated and broad company networks.

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