

CUTTING EDGE

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INDUSTRY STRATEGIC PLANNING-HOT AIR OR REAL VALUE?

In mid August the AGA executive committee, AIC directors, the Avocado Packers Forum chair and key AIC staff meet to review existing strategies, develop new options and decide on the industry strategies for the next three-five years.

Heady stuff ... but the cynics will ask 'so what?' and the question all growers must reflect upon is 'how does this add value to my business?'

This overarching, mission-critical goal of value to growers must be the key driver. If growers are making profits then everyone should do just fine — if growers don't make a profit then the income of other stakeholders becomes more precarious and less sustainable. The AGA representatives and the AIC directors are charged with the responsibility of teasing out the best goals to achieve long term grower value and developing the enabling strategies. Our strategies must not cost more than the long term value they deliver. More importantly, strategies are about choices what do we want and how should we get there.

The industry's existing strategic plan is posted on the website and was last thoroughly reviewed in 2001 in Auckland, following the very successful 1999 strategy meeting in Tauranga. After the 1999/2000 quality difficulties in the USA the industry focus for the past five years has been on postharvest fruit quality, information systems including crop estimation, reporting and flow planning, relationships and networking, new member support, production efficiencies and innovation, and member communication. There is probably enough confidence that industry has a suite of supportive regulatory and commercial systems to prevent a repeat of the earlier fruit quality issues.

The grower base has increased very rapidly in the last five years and with that rapid expansion has come an increased political wish to welcome new growers into the industry. The reasoning was early and complete entry into industry would facilitate long-term planning and reduce fruit quality risks that could tarnish the New Zealand country of origin brand. What transpired was very low industry entry costs which further fuelled industry growth, especially in the Bay of Plenty and on predominantly smaller lifestyle sized blocks. The goal in many cases became capital growth, as impatient growers found they did not want to wait the required time for production payback. The strategy of low entry cost needs to be reviewed to ensure no distortions are being created and the needs of larger and longer term industry stakeholders are not being eroded.

One notable observation has been the tendency over time to attempt to address

all needs or all perceived needs. This can be somewhat seductive when initiatives are being planned and implemented in an annually planned but *ad hoc* way, rather than being driven by a specific set of goals and strategies. In isolation any initiative can be justified! But the business of the AGA is not about justified activity — it's about value to all growers. The challenge for the AGA is to carefully, and in a planned way, identify activity that is best undertaken by the AGA that benefits all growers. The AGA also needs to accept that some activity is better undertaken by the commercial sector. This is healthy and effective and totally compatible with sectors and businesses that have to be globally efficient and competitive.

So where should the AGA focus? In other words, what should the AGA do so that it can be the most effective and efficient deliverer of services and value to growers? The real acid test is what **would growers willingly pay for in a world of extreme choice?** Most growers want to see sale value.

We have a growing industry and that means building new demand for our product fresh avocados. Generic issues such as consumer campaigns and addressing health messages (by way of example) are best handled by the AGA. Creating market and customer excitement is best managed by the commercial players using their personal relationships and marketing *nous*. What am I saying? A strong blend of the commercial players and industry in partnership will add the most value to growers. A strong consistent generic promotion strategy aimed at building long term demand and influencing consumer choice, which is not seasonally influenced, is of great value to all growers and should be a key AGA strategy plank.

Information

Another area is collecting and flowing information. There needs to be a clear distinction between information and knowledge. With good information and understanding comes knowledge. The AGA role is to provide the information to develop a wide knowledge base and to encourage the commercial sector to invest in the understanding to generate the knowledge — i.e. invest in good people and not to make those investments on their behalf! This prevents knowledge 'gate-keeping', a primary risk to our industry, and encourages co-operation, transparency and participation. This is one aspect of the business the AIC and AGA actually does very well and I include crop estimation, flow planning, industry reporting, maturity monitoring, fruit size profiling, outturn monitoring, and library trays here. That said, there is still always the opportunity to improve the scope, increase the precision and shorten the timeframes of the information flows.

Innovation is a key driver for all competitive industries. Like it or not, the avocado sector in New Zealand is firmly in a competitive environment both internally and externally. Innovation feeds off new technical information, research and development in ordinary speak.

When a sector engages in research and development, it is to primarily provide information and to be honest about how the information was derived. This

information then becomes the basis for interpretation and, where possible, innovation in the form of new products or systems. The risk is you can cast your net too wide (work in too many areas) in an attempt to catch as much as possible, and suffer a lack of quality information which can be trusted enough to want to take risks with. I believe we have thrown our net too wide and need to draw back and focus on two-three key areas where the potential rewards justify the risk.

We should also never forget many growers and other commercial players also engage in research and development and the AGA's investments should never duplicate this activity. Rather the AGA should work hard to encourage further commercial investment in innovation. It would be unhealthy to attempt to become the 'one-stop shop'.

Industry structures such as the AGA and AIC are the only option to effectively interact with government both crown and regional. These two organizations can honestly claim to represent growers as they are owned by their stakeholders. There are many initiatives on the part of government to interfere in agricultural production and remove grower freedoms. Some of this is not bad and increases consumer confidence in the 'sustainability issues' but some is just plain nonsense, and vigilant and resourced grower organizations are needed to prevent growers being unduly burdened with unnecessary compliance costs. This is a difficult area for grower organizations as they need to be well networked to blunt silly or unnecessary initiatives before they gain political traction. All that said, I don't believe growers can over invest in this area. However, good forward scanning issues radar is essential for maximum effectiveness. Organizations need to pick their battles, prepare thoroughly, resource well and only fight the issues with a reasonable chance of success.

Communication

Another area of key strategic importance is communication, engagement and consultation with stakeholders over regional, sector and political issues that affect growers. This is one area that the AGA does not do well.

Our communication is largely historical reporting and little effort is expended on informing growers why certain initiatives are undertaken, how it fits into a strategic plan and what the benefits will be. All this is necessary to gain strong grower support and 'buy-in' in advance of the activity being undertaken.

Currently there is an emphasis on reporting what was undertaken.

The AGA has a real challenge to ensure continued grower support if this aspect of our industry culture is not improved. The strategy retreat was an opportunity to focus on this, all the more so with the new fresh faces hopefully all growers will be better informed and feel more included in industry activity for stakeholder good.

This should be a key goal and becomes increasingly important as the sheer number of growers (and their views) in our industry can potentially result in feelings of isolation and exclusion. This is not a path we should walk. We have a great industry — the future is exciting and challenging — we just need to

communicate, no talk, more and agree the industry path and future, and gain support for the investment in advance of any expenditure occurring!

Enjoy the harvest!