

ENTREPRENEURSHIP: A KISS OF LIFE FOR THE UK FARMING SECTOR?



Illustration hand drawn By Hartwig Braun

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PREFACE

Entrepreneurialism is a topic that has been explored widely outside agriculture, but rarely directly focused on our industry. This report explores entrepreneurialism and its frequent bedfellow, leadership, specifically in farming people. The study examines whether entrepreneurs are born or bred, and whether people can learn to become entrepreneurial, or to lead. This report has been produced for the 2016 Oxford Farming Conference, entitled: Bold Agriculture.

The work has been undertaken for The Oxford Farming Conference by an academic, Dr Muhammad Azam Roomi from Cranfield University and Graham Redman, partner at The Andersons Centre. The theme and content build on the 2015 Oxford Farming Conference report, which looked at what separated the best of the world's farmers from the rest, and how their middle or poor-performing counterparts could improve.

The authors of this report have surmised that agriculture has a lower proportion of entrepreneurs than other sectors, but that those people that demonstrate entrepreneurship in farming, will be significantly more successful in business.

As a farmer myself, the finding that is most compelling is that entrepreneurial behaviours can be learnt. Therefore we have structured this report to be part review and part guidance for those aspiring to lead a more entrepreneurial life or business.

Farming frequently hits difficult times, so to read the following pages and learn that everybody has entrepreneurial capacity within them, is heartening.

It's clear that different character traits help entrepreneurialism but only perseverance, persistence and proactivity are exclusively necessary to achieve something entrepreneurial. Many fear failure, either from possible financial loss or the comments it might generate from others. This report clearly states that this can be overcome by a strong belief in yourself and your idea, even if you make mistakes along the way.

The six points that need adopting by budding Richard Bransons are: to add value; to engage with others businesspeople – they will become catalysts; nurture your core business because it is the golden goose that will lay the golden eggs for you; create your own opportunities – no-one gives them away; make better and fuller use of your resources and try new ideas.

Something that struck me as very important to remember for us farmers, is that complacency is highly toxic and removes capacity for personal improvement. My personal mantra is that if you slow down, you'll be overtaken by the slow people.

The authors leave us with one very important point - practice is the primary method for learning entrepreneurialism.

Al Brooks

Chairman, 2016 Oxford Farming Conference.

SPONSOR'S MESSAGE

The benefits to be gained from greater entrepreneurialism in UK farming lie at the heart of this year's report. This is the latest in a series of Oxford Farming Conference reports challenging the UK farming community. Applying findings from across the spectrum of business to the agricultural sector, the authors have tackled some of the unique challenges facing farming businesses.

We are pleased to again sponsor the report. We hope that in what is a challenging time for many in UK agriculture, this report will provide inspiration and practical help and assist in producing a thriving UK industry.



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CONTENTS

1 EXECUTIVE SUMMARY.....	6
2 ENTREPRENEURIALISM AND FARMING.....	8
2.1 THE ENTREPRENEUR.....	8
2.2 WHAT IS ENTREPRENEURSHIP?.....	9
2.3 WHAT ISN'T ENTREPRENEURSHIP?.....	11
2.4 IS ENTREPRENEURSHIP JUST DIVERSIFICATION?.....	12
2.5 WHERE DO YOU TAKE THE BUSINESS?.....	12
2.6 DIVIDING TIME AND RESOURCES.....	16
3 THE TIMES; THEY ARE CHANGING.....	17
3.1 THE RATE OF CHANGE AND THE NEED TO BE PART OF IT (TO INNOVATE).....	17
3.2 IS FARMING DIFFERENT?.....	20
3.3 AGRICULTURAL OUTLIERS.....	25
3.4 IS UK AGRICULTURE LESS ENTREPRENEURIAL THAN OTHER SECTORS?.....	26
3.5 BUSINESS ADVANTAGES FROM ENTREPRENEURIALISM.....	28
3.5.1 <i>More Profit</i>	28
3.5.2 <i>Seizing the Opportunity</i>	29
3.5.3 <i>Competing with the Big Boys</i>	30
3.5.4 <i>Farm Efficiency</i>	31
3.5.5 <i>Growing Exponentially</i>	32
3.5.6 <i>Solving Commercial Problems</i>	33
4 CASE STUDY ~ JOHN GELDARD, CUMBRIA, UK.....	34
5 CHARACTERISTICS OF AN ENTREPRENEUR.....	40
5.1 BORN OR BRED? THE SLIDING SCALE.....	40
5.2 THE PERSONAL TOUCH.....	41
5.3 PERSEVERANCE AND PERSISTENCE.....	41
5.4 PROACTIVITY.....	43
5.5 INCORRECT IMAGES OF ENTREPRENEURS.....	43
5.6 TACKLING FAILURE.....	45
5.7 AVOIDING COMPLACENCY; THE VICIOUS POISON.....	48
5.8 REJECT ABSOLUTES.....	49
5.9 SERIAL ENTREPRENEURS.....	50
5.10 HIDDEN ENTREPRENEURS ~ OTHER PEOPLE IN FARMING.....	51



Practice is the primary method of learning entrepreneurialism. It should be included as an integral topic in all agricultural degree courses.

6 CASE STUDY ~ JIM & MARY RICKERT, CALIFORNIA, USA....	53
7 REQUIREMENTS OF ENTREPRENEURSHIP.....	60
7.1 INNOVATIVE IDEA(S).....	60
7.2 RESOURCES.....	62
7.3 INFORMATION.....	63
7.4 THE CLUSTER EFFECT ON ENTREPRENEURIALISM.....	64
7.5 LEARNING ENTREPRENEURIALISM AND LEADERSHIP.....	64
8 CASE STUDY ~ CARR FAMILY CANTERBURY, NEW ZEALAND.....	66
9 WHEN ENTREPRENEURS BECOME LEADERS.....	72
9.1 IT RUBS OFF ~ ENTREPRENEURIAL LEADERSHIP.....	72
9.2 BUSINESS PIONEERS AS INDUSTRY LEADERS.....	76
9.3 MORAL LEADERSHIP.....	77
9.4 ENTREPRENEURS AND LEADERS, THE INTERSECTION.....	78
10 CONCLUSIONS.....	80
11 ACKNOWLEDGEMENTS.....	81
12 WORKS CITED.....	82

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EXECUTIVE SUMMARY

UK farming is less entrepreneurial than many other industries. Yet more entrepreneurial farms are more profitable. This is evidenced from academic research. If this is so, there is scope for the UK farming industry to learn lessons and improve its returns as a result.

Farming is a commodity industry with multiple producers of homogenous goods. Buyers therefore purchase on price. In this business model, margins are inevitably tight and so volume has to be high and costs ruthlessly low. Variation in profitability is rising, policy support that has protected farmers for 50 years is declining and could be 30% less in 5 years' time. Political change is also placing new restrictions on the industry. The challenges of commercial farming are increasing. We cannot do the same thing over and over again and expect different results.

Entrepreneurship is the pursuit of opportunity without regard to resources currently controlled.

This explains how entrepreneurs are not constrained by the resources at their disposal but seek opportunities regardless. An entrepreneur feeds off and creates change. Simply managing a business successfully is not entrepreneurialism, neither is taking risk or working long hours. Farming is not necessarily entrepreneurial then but executing innovative ideas to raise the farm profitability definitely is.

Creative destruction describes how innovations improve the offer to the customer, replacing existing goods for better ones or lowering cost. Modern communications mean ideas are shared quickly, fuelling the engines of creative destruction. If you are not creating, you are being destroyed. Most people find change threatening, whilst entrepreneurs welcome it as it creates opportunities. They therefore go out of their way to question the established order, looking for ways to create competitive advantage. In agriculture, it could be to increase profit, reduce costs, add value to the commodity or create a new market offering. Entrepreneurialism in agriculture might entail diversification, but needn't. It could even mean concentrating a business to fewer things. Indeed, businesspeople with single objectives tend to be more successful than those with several and you only need one idea to become entrepreneurial. Ultimately, entrepreneurialism allows you to grow exponentially.

Emotions and energy in people are contagious, whether positive or negative. The impact is both instant and also becomes engrained in someone's character over a lifetime, which takes generations to remove. This is critical to UK farming because historically, farmers were less profit orientated than most businesses and more concerned with subsistence and survival. This helps explain a lower level of entrepreneurialism than other sectors but a much greater business longevity. It boils down to how you describe success.



Entrepreneurship is the pursuit of opportunity without regard to resources currently controlled.

Farms are remarkably strong places from which to develop entrepreneurial businesses, with valuable resources, most of them relatively inefficiently deployed. Farm businesses also often have a strong capital base. Whilst this is not paramount, it facilitates the process. Everyone highlighted in the case studies in this report remains true to their agricultural roots, retains a strong grounding in farming and respects the land or 'home farm' as their golden goose of productivity.

Everybody has entrepreneurial capacity within them, in some it is clearly evident. In others it is less apparent, possibly their daily routine is so consuming that opportunities are not obvious. Different character traits help entrepreneurialism but only perseverance, persistence and proactivity are exclusively necessary to achieve something entrepreneurial. Many fear failure, either from possible financial loss or the comments it might generate from others. This is overcome by a strong belief in yourself and your idea. Indeed, most entrepreneurs have made errors in the process of achieving success, it's part of learning. Complacency is highly toxic and removes capacity for personal improvement. Concerningly, half of all farmers consider they have sufficient business management skills and several overestimate their farming performance. Great things never came from comfort zones. This means that absolutes should be removed, such as 'doing your best', and 'can't', as entrepreneurialism is an expedition of discovery into places that people have never been before.

Some people achieve entrepreneurial things behind the scenes, possibly with more time to develop ideas than the main business person or see the world and approach uncertainty differently. Then there are serial entrepreneurs who make entrepreneurialism a habitual way of life, a rewarding habit to have. Practice is the primary method of learning entrepreneurialism. It should be included as an integral topic in all agricultural degree courses. Start young, make study relevant, work as a team, keep expectations high and build.

Successful business people often become industry leaders. They require similar characteristics; proactive, driven and visionary people. They command substantial influence and bring about change. With authority comes responsibility. Several agricultural entrepreneurs who have become business leaders have adopted a moral responsibility too, empowering change for the benefit of others over themselves.

This paper argues that entrepreneurialism is a necessary management philosophy to harness the winds of change, to control the creative destruction and to succeed in a tougher farming environment. It concludes:

1. Farmers should seek ways to add value to other peoples' lives. The key to adding value to your own business is when trading parties both believe they will be better off as a result of it.
2. Engagement with farm and businesspeople helps to act as a catalyst for ideas and opportunity.
3. A farm is an excellent place from which to build an entrepreneurial business. Nurture the golden goose and it will lay golden eggs for you.
4. Create your own opportunities. Nobody gives them away if they can develop them for themselves.
5. Find ways to make better and fuller use of your resources throughout the year.
6. Try new ideas, they might not all work but they certainly won't without the proactivity and persistence to find out.

It is an ongoing process of renewal and growth. Finally, like farming, entrepreneurialism is a journey. So enjoy the ride.

C.2

ENTREPRENEURIALISM AND FARMING

2.1 THE ENTREPRENEUR

Geoff Sayers, a dairy farmer in Devon, on taking over the family farm after some years working in global finance, brought a laterally-thinking mind to the business. Through purchase, rent, contract farming and share farming agreements, he has grown to manage five organic dairy farms with approaching 2,000 milking cows. His organic meat business The Well Hung Meat Company supplies meat boxes nationally similar to the 'veg-box' model, and his dairy processing business, Holy Cow, is supplying top retail outlets nationally. He lets eight holiday homes and rents vehicles for wedding and other occasions.

Julie Hermitage, a sheep farmer in Angus, noticed how the wool from her own flock helped her asthmatic son to sleep. She also noticed how many other people don't sleep well and spotted an opportunity to solve a problem that many people have, and with it a commercial opportunity for herself. She has now launched a new business venture (Uan Wool) making use of the finest wool from her own sheep to make top quality pillows.

These two farmers are clearly entrepreneurial. They are not alone, indeed there are such operators throughout the UK and indeed the world. Can anybody achieve these things? The Oxford Farming Conference Council set out to identify key pointers to improve the entrepreneurialism of UK agriculture. The work has been compiled through a blend of both industry-examination and by scouring academic work.

Temple Farms, a large scale arable and sheep farm in Wiltshire, was devastated in 2001 by Foot and Mouth disease. This was the catalyst to re-examine the farm business. Estate manager Chris Musgrave (through Musgrave Management Systems (MMS) and the landowner agreed the risks of farming alone were too high, not only from disease, but from the 'fickleness' of the marketplace. The margins of commodity farming were too tight and profits were therefore often too low and unpredictable to depend on solely. It was time to embrace change whilst keeping farming as the core business competence. Selling half the farm released capital instantly. Starting a contracting service with the surplus farming resources, soon meant the sold land and considerably more was farmed by them again. A previously idle barn is now let out for weddings and parties maximising the potential of resources already in place on the farm.

A neighbouring estate, the Barbury Castle Estate, also managed by Chris through MMS, has a long-established horse training facility. They set up an annual horse trial, which now attracts almost as many people as the Cereals Event with corporate sponsorship providing additional income. Old ewe sheds were converted to stabling making good use of dated resources that had been outgrown by their original purposes. Chris worked to make enterprises fit together. An organic rotation near the gallops means less heavy machinery near the horses, plus weedy stubble as requested by the gamekeeper.

This has all created far more profitable estates with a broad spread of risks, less dependent on the fortunes of wheat and lamb prices. Environmental and equine enterprises have added capital value to the entire region and farm assets are now making money where before they sat idle.

2.2 WHAT IS ENTREPRENEURSHIP?

We all know an entrepreneur when we see one; Branson, Roddick, Sugar, Green, Dyson for UK examples. But who exactly is an entrepreneur and what is entrepreneurship? Most people apply the 'duck test'¹ to entrepreneurialism, whereby it is easily recognised but not easily defined, at least around the edges. We need to define it briefly. According to Drucker (1985), "an entrepreneur always searches for change, responds to it, and exploits it as an opportunity". The true academic definition of entrepreneurship identifies an entrepreneur as seeing the outcome or opportunity before considering the resources, then gathering any resources that might be required. Stevenson (2006) defines entrepreneurship as "the pursuit of opportunity without regard to resources currently controlled" Another eminent scholar, Shane (2003) has defined entrepreneurship as an "activity that involves the discovery, evaluation, and exploitation of opportunities to introduce new goods or services, ways of organizing markets, processes, and/or raw materials through organizing efforts that previously had not existed". One can observe in all these definitions that entrepreneurialism is a dynamic process of vision, change and creation and, for the purposes of this report, it is for commercial gain.

1 - If it swims like a duck, looks like a duck, and quacks like a duck, it's probably a duck.

In agriculture, exploring and opening a new market, identifying and implementing new ways of farming, putting existing resources to additional use through a new initiative or growing the farm beyond the resources currently at the disposal of the farm are all results of entrepreneurialism. It involves going somewhere new and leading the way. Entrepreneurs create value by exploiting change. Often, an entrepreneur starts the process of opportunity hunting by scouring his own resources, this does not contradict the statement above as using your own resources to spot an opportunity is different to implementing something that you can do entirely with your own resources.

Chris Musgrave was central to establishing 10,000 hectares of Nature Improvement Area, a charity dedicated to local environmental improvement. In total 42 farmers and estates participated. Setting up a charity is complex, requiring various policies and infrastructure and working capital they did not have so Chris persuaded Defra to make up front payments, an unusual thing. He needed to outsource environmental expertise. The resources they lacked were found, bought or learnt. This demonstrates pursuit of the opportunity before having the necessary resources to hand.

'The pursuit of opportunity without regard to resources currently controlled' suggests we could all do almost anything if we were entrepreneurial, and indeed some people have demonstrated this to be true (Geoff Bezos, founder and CEO of Amazon, comes to mind here). However, having spent most of your life doing one thing will make you expert and therefore more likely to succeed in that area than others. With the experience, knowledge and connections within that area of expertise, spotting the opportunity and having the experience to make a view on how to implement it gives real competitive advantage over others.

Julie Hermitage would not have spotted the opportunity to create woollen pillows if she wasn't a sheep farmer with an asthmatic son.

As Kuratko states in one of his papers (Kuratko, 2007), entrepreneurialism is about creating prospects for the future rather than maintaining the inheritance of the past. All the examples in this paper, evidently think through their businesses with the creation of the future at the forefront of their mind.



2.3 WHAT ISN'T ENTREPRENEURSHIP?

If something works and is profitable, it would be foolhardy to damage it, but that's not entrepreneurialism. Every farmer is a businessperson. For most, it is hard work and long hours. Whilst it can be reduced and managed, it is impossible to avoid risk in agriculture. Indeed, few industries have prices as volatile as ours, or are so highly exposed to uncontrollable influences, particularly the weather. So it's hard work and risky but does this make farmers entrepreneurial? The answer to this is 'not necessarily'.

Purely running a business and taking the risks associated with that is not entrepreneurial. Improving a firm, through doing more of the same or operating proven procedures faster or better does not demonstrate vision, change and creation. You can run a business without making innovative changes, indeed, arguably you could start a business without much entrepreneurialism; if the new business was simply a copy of another proven format elsewhere or taking a franchise, you might struggle to demonstrate vision, change and creation. Buying or taking over a previously established business is not necessarily entrepreneurial. Where are the new ideas? Where is the commercial whitespace, the new market that is being filled by your innovative product or business process?

Entrepreneurialism is not simply running a business, albeit successfully (however that is measured), but it is growing it through innovative and novel ideas. It is not simply taking risks, trying something new will inherently involve a level of uncertainty which should be addressed but it's not necessarily taking on more commercial risk.

There is a difference between (farm) business management and entrepreneurship. Farm business management is about better planning, implementation, control and managing risk. Entrepreneurship is about looking forward – identifying opportunities, creating a vision of how the business will grow, innovating and making a difference. Entrepreneurial farmers look at their farms and see ways to make them more profitable, develop ideas and then translate them into action (Kahan, 2012).

2.4 IS ENTREPRENEURSHIP JUST DIVERSIFICATION?

Some might suggest that entrepreneurship is simply a fancy word for diversification. Yet, it is possible to diversify without being very entrepreneurial and also to remain tightly focussed on the core business with a very entrepreneurial way of doing things. Let's examine two examples:

Creating a bed and breakfast enterprise might be a very sensible new venture outside agriculture. It might put available resources to good use; some unused bedrooms in the large farmhouse once decorated and nicely furnished, and somebody, possibly in the family who can cook great breakfasts and is good with people. At one level there is creation of a new enterprise, but it is arguably small. It might turn out to be highly profitable but that does not necessarily determine how entrepreneurial it is.

Louise Nicholl, a tenant farmer in Forfar has a high specification B&B and holiday cottage business which makes excellent use of spare resources, a cottage and rooms in the farm house, as well as using her own interpersonal skills. This is good business and uses resources well but is it entrepreneurial? Beyond the initiative to start the enterprise in the first place, Louise's entrepreneurialism is arguably not yet apparent.

Yet a farmer who remains resolutely focussed on farming whilst expanding through novel ideas would be entrepreneurial:

Andrew Ward, arable farmer in Lincolnshire (and former host of Cereals Event) was concerned by black-grass on his farm. He needed a drill that did not move soil but none was available on the market. Working with a close associate Phillip Wright, a soil scientist, they designed and developed a new drill from a second hand Simba Solo. It is now used to drill thousands of hectares of his and neighbours' oilseed rape each year. It has helped expand his contracting work, and raised his yields.

So entrepreneurialism need not be diversification, it could be a change of how to farm and indeed a simplification of the farming operation.

2.5 WHERE DO YOU TAKE THE BUSINESS?

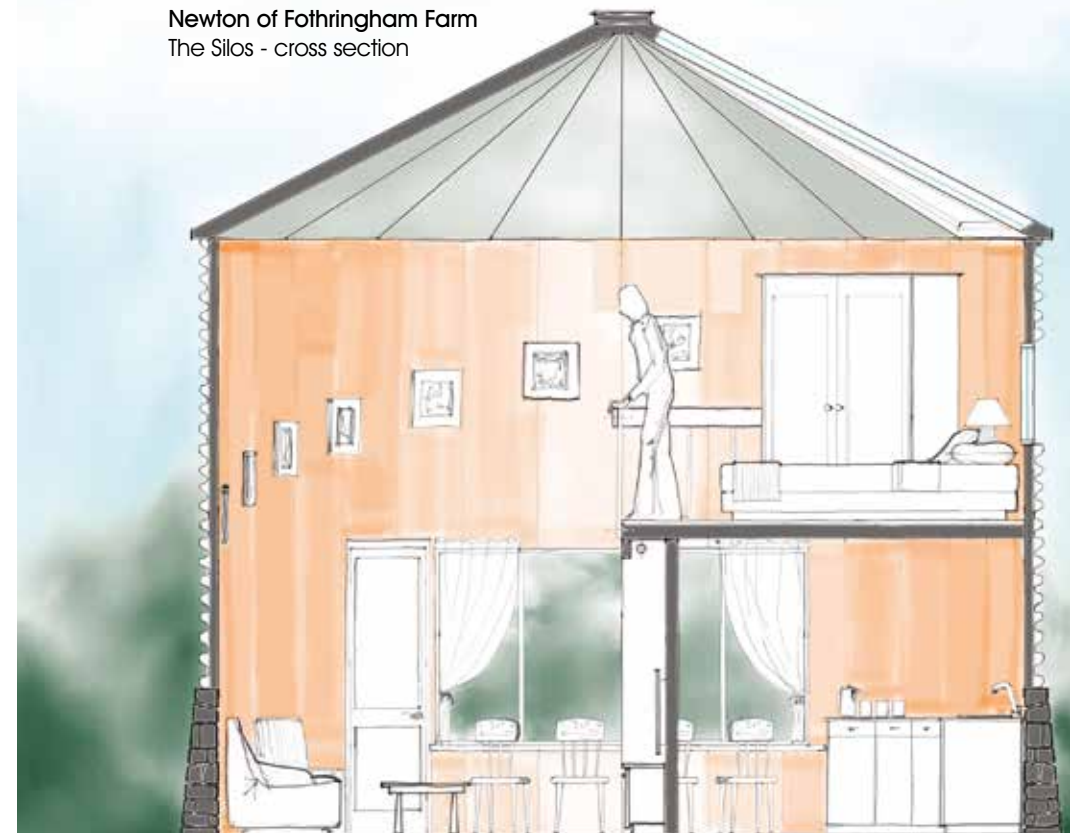
So entrepreneurialism doesn't necessarily mean lurching away from agriculture to a diversified non-agricultural enterprise. Business, according to Richard Branson, an iconic contemporary entrepreneur, is about 'being true to yourself'. This is about knowing what defines you and how you think and doing what you believe in. In brief, most people in farming are emotionally wedded to rural or land-based activities in some way or other. It is likely to have a bearing on your roots and formative years providing strong foundations for building business with confidence.

Most of the great entrepreneurial businesses that you can think of built their firms from strong foundations. Michael Dell (Dell Computers) spent his childhood fascinated with how calculators and other electronic gadgets worked, Bill Gates (Microsoft) spent a tremendous proportion of his childhood learning how to do computer coding, Alan Sugar (Amstrad) spent his childhood mending and trading small mechanical items as well as other goods and Philip Green (Arcadia retail

group) was exposed to retail by his mother's business. None of them came from a different industry, so staying true to what you are and your training is probably the key to the most successful route.

Returning to Louise Nicholl, she recognises the limitations of commodity farming on a small unit. She knows that survival means doing something else ('quirky' to use her term). Her recent initiative is to identify unlikely ways to build her tourism enterprise. Having a series of redundant grain silos that they own, which face a beautiful view and are beyond the hubbub of the farm's daily activity, she is converting them to novel high specification accommodation. She is also building on other interests close to her heart that would add value to the tourism aspect and generate revenue themselves, by developing a range of unusual livestock herds, including boer goats, alpacas, micro-pigs and anglonubian goats. She is remaining true to herself yet also creating symbiosis in her enterprises. That's entrepreneurial.

Newton of Fotheringham Farm
The Silos - cross section





According to Richard Branson, an iconic contemporary entrepreneur is about 'being true to yourself'.

It is not uncommon for farmers to consider that, as most have grown up on a farm and have spent their years working on it, they know nothing else. Yet, within a farmer's skillset is not 'just farming'. Consider the skills required to operate a modern farm; Machinery maintenance, capital appraisal, people management, trading decisions, risk management, crop agronomy, plant nutrition, animal husbandry and nutrition, building construction, planning, water management, business management, budgeting, accounting, logistics, store maintenance, stock control... The list could go on. This demonstrates one reason why it is so difficult to find and recruit high calibre farm managers; they have so many obligations and responsibilities. Yet farmers tend to hold many of these skills. Furthermore, consider the other aspects of life that mean something emotional to you. It's probably not just farming, but possibly food production, environment or rural sports.

Geoff Sayers refers to his 'home farm' as the Golden Goose, the core business, which has been a strong base to grow from. It is from this that business innovations and expansions have germinated and grown, supplied by the outputs of the farm, with the organic concept at the heart of the food processing and retail enterprises. The holiday cottage enterprise works with agriculture and even the car hire business includes the farm Land Rover!

Of all of the example entrepreneurs throughout this paper each demonstrate very clearly that the farm and its farming operation remains the absolute central core of the business. This is a crucial point to embed. To suddenly sell the farm and become something else will not be building on strengths, emotional ones in particular. New enterprises that are started in a familiar setting are far more likely to be successful (Brush and Hisrich, 2002; Burns, 2011). Entrepreneurial activities have generally complimented each other in various ways and been built from the solid foundations of their 'home farm' business. So, ensuring the core business is healthy and in good shape is therefore fundamental to the success of the entire business, whatever the core business happens to be.

Adam Henson, famed in the UK for his Cotswold Farm Park and high profile television career on Countryfile and Lambing Live, never hesitates when confronted with opportunity. Before his television career even began, he and his father before him had built up an interesting array of rare breed farm animals. His farming friends pointed out to him this was not making as much money as the modern conventional farming livestock breeds. However it turned out to provide an ideal opportunity to open the farm to visitors. This generated an income and also a

marketplace to develop new initiatives to add value to the visitors' experience such as a café and gift shop, building on what he had already developed.

When he saw the advert for a farmer to present a television show, he was encouraged to apply, particularly motivated by his partner who had television experience. Using her knowledge and experience, his demonstration video was outstanding. As Adam's media career grew, the attention to his farm also increased and, benefitting from the profile he had gained, renamed the Cotswold Farm Park, Adam Henson's Cotswold Farm Park.

At the same time, the farming operation has grown through capturing opportunities, sharing the business with the right partners, allowing others to build and doing a good job. His business partner takes care of the farming operation whilst he spends much of his working time with film crews. Adam is now also developing new products working with other firms such as a brewery to make a new beer and a seed company for wildlife seed, thus sharing the others' strengths.

Adam has demonstrated a few useful points in this brief summary. Firstly, he has been capable of developing so much, simply because others run important parts of his business. Secondly, Adam and his father before him, explored things they were genuinely interested in, not because they saw considerable profits in them but out of their own curiosity. It was only then that they spotted the idea to create a farm park for the public to visit. Thirdly, when looking at an opportunity, Adam finds ways to add value.





2.6 DIVIDING TIME AND RESOURCES

On occasions, dividing the farm manager's attention into multiple enterprises has proven costly. Often, the most profitable farm businesses are simple and without complexity. Managing a large farm with three enterprises is arguably easier to manage than a small farm with eight. Firstly, thinking in an entrepreneurial manner might not necessarily mean starting a new business venture. It might even simplify it. Secondly, as section 2.2 discusses, an effective entrepreneur manages to source suitable resources to do something, whether that is finance, labour risk or management capacity. Managing time exceedingly well is key to entrepreneurialism.

So yes, an entrepreneurial approach to sorting the core business might be fruitful. If it is fundamentally flawed, for example because the resources including the management are not good enough, then it is going to absorb more and more time for less and less return. Agriculture is a low margin business requiring a high turnover and considerable volumes. Entrepreneurialism could lead somebody in this position into several directions; adding value to the commodity so it is of higher value, increasing the volume of commodity sold, brutally cutting costs, adding something else to the business or coming out of farming altogether. Each might be the right decision for the individual. There is a right answer but it will be different for each person.

“ Creative destruction ~ if you are not creating it, you are destroyed by it.

“ The winds of change are blowing ever harder. Some will build a shelter, others a windmill.

Adapted Chinese Proverb

C.3 THE TIMES; THEY ARE CHANGING

3.1 THE RATE OF CHANGE AND THE NEED TO BE PART OF IT (TO INNOVATE)

Joseph Schumpeter, the great Austrian economist of the last century, familiarised the concept of 'Creative Destruction' (Schumpeter, 1942) first suggested by Karl Marx. It is the process of creating something new that is better or more useful than something already in the marketplace, which thereby sees demand fall in place of the new creation, destructing existing business patterns. Those who write about it identify it as wonderful, because it is progress to society. Indeed it is great for most people; the innovator of that which is creative, and the consumer who has a new or better or cheaper product or a new problem solved. But for a few, the others operating in that sector, it is destructive.

Progress for one person is adding value to himself and the marketplace, but hurting others, potentially putting them out of business. This is not an invitation to resist the inevitable, we recognise that computers are better than typewriters, but typewriter manufacturers lost out heavily in the transition. We acknowledge that the car is usually faster than a horse, but farriers lost out to car mechanics. Trains removed canal boats, paper removed slate, light bulbs replaced candles for lighting and CDs, which have almost been killed off by downloads themselves now, replaced audio cassettes. The winds of change are always blowing, sometimes there are storms, other times a gentle breeze.



*"The winds of change are blowing ever harder.
Some will build a shelter, others a windmill."*

Adapted Chinese Proverb

This adapted Chinese proverb demonstrates that in the face of change, some will take refuge and protection; others will find ways of making the most of the change for their own benefit. Changes to the business environment mean inevitable adjustments to management are necessary to survive. Some make more radical changes and capture the benefits of the changes afoot. These are made by the entrepreneurs in the industry. Indeed, entrepreneurs are (at least partially) responsible for the winds of change themselves.

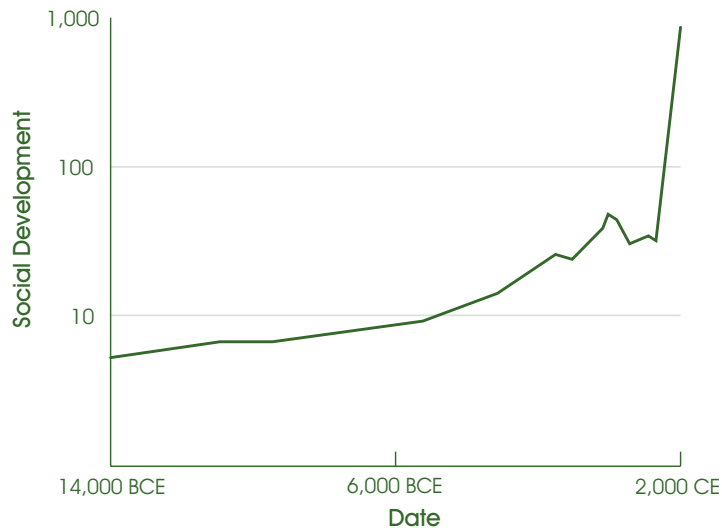
Slow changes are less obvious than sudden shocks, making them more difficult to identify and tackle and therefore are potentially more damaging. If you put a frog into hot water it will immediately jump out. If you put it in cold water then gently heat the water, it will stay there and boil². Like the frog, we must look out for slow changes that are gradually threatening us and respond to them as early as possible.

"The best way to predict your future is to create it"

Abraham Lincoln [and many others!]

For most aspects of the human world, the rate of change that takes place in the next generation will exceed that which has happened over twice or three times as long in the past. Ian Morris (Morris, 2010) demonstrates that rate of social development has, throughout history been accelerating, making its growth exponential³. He charts it as demonstrated below. It is on a logarithmic scale which, even then is accelerating, demonstrating the remarkable changes in recent years. The change of sophistication of human development between 14,000BC and 1,000 years ago is barely noticed on the chart compared with the last 50 years' development.

Figure 1 ~ Rate of Social Development, taken from Morris 2010



2 - No animals have been harmed in the preparation or research of this study.

3 - Morris measures social development in terms of energy, cognition, urbanisation (the proxy for organisation), and capacity to make war. This seems a bit curiously technical for your reading but the demonstrated rate of social development is closely linked. Its really 700 pages so you might just not get on this one.

Some of the world's most logical brains coupled with a few terabytes of computer memory are able to organise what has become known as big-data into a new science. It has transformed the operation of supermarkets, large business, government and other sectors and has the potential to do the same for farming. Here is more creative destruction in action. Creative destruction is accelerating, which plays into the hands of the entrepreneur as it generates the winds of change. An earlier paragraph suggests the winds of change blow harder these days, and change direction more quickly. Here is a non-agricultural example, regarding the speed of market penetration;

The time it took to reach a market audience of 50 million:

- ▶ Radio ~ 38 years
- ▶ Television ~ 13 years
- ▶ Internet ~ 4 years
- ▶ iPhone ~ 3 years
- ▶ Instagram ~ 2 years
- ▶ Angry Birds ~ 35 days

Source: *Shift Happens 2014. (YouTube upload)*⁴

None of this affects farming. Why should we take unnecessary effort to upskill and change? The internet, Instagram and Angry Birds all might seem a million miles from farming, as might wearable technology, Google glasses and 3-D printing. But we're getting close; consider unmanned vehicles, drones, satellite imagery, biotechnology changes, mobile phone apps and the Internet of Things. They are all used in UK farming already and farming in 15 years' time is likely to look rather different to today's agriculture. An analysis of crop farming in 2030 published in 2015 paints a picture of where one sector of agriculture might be in the future and is worth a read (Corsni, Wagner, Gocke, & Kurth, 2015). It connects agricultural tools to the Internet of Things, it links the supply chain electronically and it automates agricultural processes to a new level, at the control and behest of the farm manager.

4 - Not to worry, a similar report for a business conference is now online (and I've linked to it as well as published on my own site).



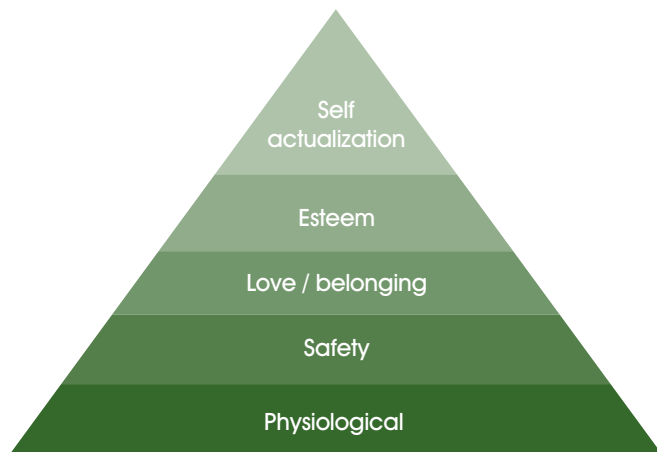
3.2 IS FARMING DIFFERENT?

Imagine an industry where businesses have almost no control of the price of what they are selling, or in some cases they don't know the price until after it has been delivered. Imagine if sale prices sometimes double or halve over a short time and in an unpredictable way and, alarmingly the marketplace barely changes its consumption patterns as a result. Imagine if the market price fluctuations were having a demonstrably increasing impact on the profitability of the firms in that sector from one year to another. On top of this, what if a firm in this sector did not know for sure the quantity or exact quality of the good produced until the end of the production process?

Now, suppose this industry has been protected for the last 50 years by Government support, offsetting the market violence, and this was now in a phase of gradual removal, possibly to have fallen by a third by the end of the decade⁵. At the same time, this business sector was entering an era when considerable political and environmental change could place pressures on it in an almost uncharted way⁶ (Agricultural Industries Confederation 2015; King 2015). The core business of the 'median' performer in many sectors of this industry is currently struggling to make money, (DEFRA, 2014) and sometimes even after the support has been provided.

The paragraphs above, of course, describe UK agriculture and suggest that the industry is walking a tight-rope. Within this context, it is understandable why many farmers prefer to keep non-essential risks such as debt and gearing, to a minimum, and that change or pioneering behaviour into new ventures, which inherently involves a new level of uncertainty, is sometimes not embraced with open arms. It all makes sense but is this the right strategy?

Figure 2 ~ Maslow's Hierarchy of Needs has Food as a staple need at the Base



FF The best way to predict your future is to create it.

Abraham Lincoln

The corollary is that farming is an essential industry required to provide the basic physiological needs right at the bottom of the hierarchy of needs as described by Maslow (Maslow, 1943). This ranked the necessities of individuals, putting the most necessary for survival (food, air and water) at the bottom rung, then layering the next needs above them. So this means, even when people are very poor or the economy is in decline, they are still agriculture's customers. Farming is necessary for the survival of the population. Yet, large numbers of customers does not mean high or guaranteed prices. It means more people will compete to sell something. It is a difficult environment to increase profitability. Homogenous goods offer advantage to no one in particular, but everybody equally; it is costs of production and volume differences that offer advantage in this business model.

The challenges of a viable business in farming are undoubtedly currently increasing. When competitors find efficiency gains, their costs of production fall and output prices consequently also come down with commodities. We have known this since the days of Adam Smith (Smith, 1776)⁷. So, what a producer in another country is doing does matter to us. How does each farmer make sure that they are not the ones that go out of business? Become more efficient? Find opportunities?

Tom Hunton is a third generation farmer in Oregon in the USA. Until 2008 he was a grass seed farmer supplying the housing and landscape gardening marketplace. He saw the writing on the wall for the grass seed market during the 2008 financial crash, when new housing, landscaping budgets, and municipal playing field funds dried up. He decided to shift to wheat, barley and other grains that had long been considered the sorts of crops that didn't thrive in his relatively wet valley.

To create a market for his grain, he built a mill, the first in his area for 80 years (85 per cent of all wheat from Oregon is exported). This also established an outlet for like-minded farmers. Today, Camas Country Mill is renowned by artisan bakers as a source of sustainably grown grains with flavour and personality, and by farmers for having created markets for specialty grains like teff and buckwheat. In addition to his work with celebrity chefs and celebrated bakers, Hunton also markets his flour to some Oregon schools through the Farm to School programme, feeding children what he calls his "stealth whole wheat flour" from grain grown very close to their schools. He's expanding quickly into new milled products such as pulse flour and, ironically for a business built around a "buy local" philosophy, he is building a national reputation. Making an entrepreneurial change has transformed Tom Hunton's business and kept him profitable, sidestepping inevitable losses he would have incurred had he retained the status quo⁸.

6 - Several recent reports have highlighted the potential threat from policy change, much of it for agricultural, that could reduce the income of farmers to below the level of several billions, the AAC suggesting 53.7 billion as a broad estimate.

5 - Analysis by The Andersons Centre demonstrates that in real terms, the spending power of the Basic Payment per hectare in 2019 could be reduced by as much as a third compared with the 2014 Single Payment. (Readman, The Farm NLR Farm Management Pocketbook, 2019)

7 - Adam Smith stated that in the absence of supply and demand fundamentals, the price of a commodity will always tend towards its cost of production, as we are in a good economy, this will be not the cost of production for your farm but the global cost of production which might be rather different.

8 - This is a personal communication from an OFC board member but also referenced on camas.squarespace.com

“ One day my Son, all this will be yours. Thanks, that’s great Dad, but how will I make my living? This won’t be enough.

New technology is changing the way we do things, and that includes farming. Product lives are shortening thanks in part to the blink-of-an-eye speed of modern communications. Creative destruction has been turbo-boosted by technology itself. Should farm businesses feel threatened by the tech-fuelled revolution?

Nobody is likely to physically destroy the marketplace for food, as happens in other sectors more regularly, but tastes and diets will change and, as others learn to produce them more cheaply, we can see the prices of the marketplaces fall in real terms. This could easily happen faster over the next 20 years than they have over the previous 150. Couple this with the reduction of farm support and the potential political changes on the horizon, then some farms need to think more critically about their futures and how that risk is going to be managed. Compare contemporary farming with images and memories of farming in say 1970, 45 years ago. Now consider 45 year’s difference at any other time in history. The parallels between farming at the time of Christ and 1700 AD (just before enclosure) are probably closer than the parallels between the last 45 years of farming.

Increases in farming capacity, innovations and developments in knowledge all mean that more output can be handled with fewer people. Globally the rising efficiency of the industry pushes margins down over the long term and as more output is created with fewer resources so operators struggle to retain their returns by increasing turnover. This is how commodities behave, they are high volume and low margin and so farms have to grow or change simply to stand still.

David Speller is a poultry farmer in Derbyshire. He is no ordinary poultry farmer. In 2001 he re-mortgaged his house to buy a modest farm. He then took what he considers the greatest risk of this life, securing a £1.3m loan and spending £1.6m on building four state of the art poultry sheds to house 180,000 birds at a time. Using new technology, he installed underfloor heating, and a monitoring and control system that matches any in agriculture. It worked.

His success was noticed and soon, others were asking him to help plan, design, build, and operate similar businesses. He now rents and contracts several other units (possibly the only broiler contractor in the UK), and has 2 million birds placed at any time and that number is rising. He has a consultancy arm that supports other firms setting up and often, is asked to contract manage the operation too. This critical mass helped justify a lorry, and before long, feed companies were calling David to haul their feed for them.

Managing a poultry unit using sensors, cameras, and computers allows the monitor and control aspects to be undertaken remotely. David’s staff can manage these

units from afar solving the perpetual problem of recruiting excellent farm managers (already mentioned in this paper). He employs good stockmen and analysts instead. He has consequently been asked by broiler units from several overseas locations to manage their farms too. Finance companies are employing him to provide step-in clauses for other business ventures⁹. His size now means that universities and research companies have approached him to test new things, for example researching ‘volatile noses’ to smell for diseases. The list of opportunities he has grabbed goes on.

So what drives him? He claims to have never had a vision of such a business and that opportunities came to him. However, being the best maybe does invite attention. He is keen to try new things even if they only have a low profit margin to ‘see where they go’.

*David comments:
“There is no money in being average”.*

And how right he is. He is driven by people, enjoying his work and says the money is not the driver for his business. He gets a buzz from doing what people say couldn’t be done. Entrepreneurs like David are very comfortable in that space.

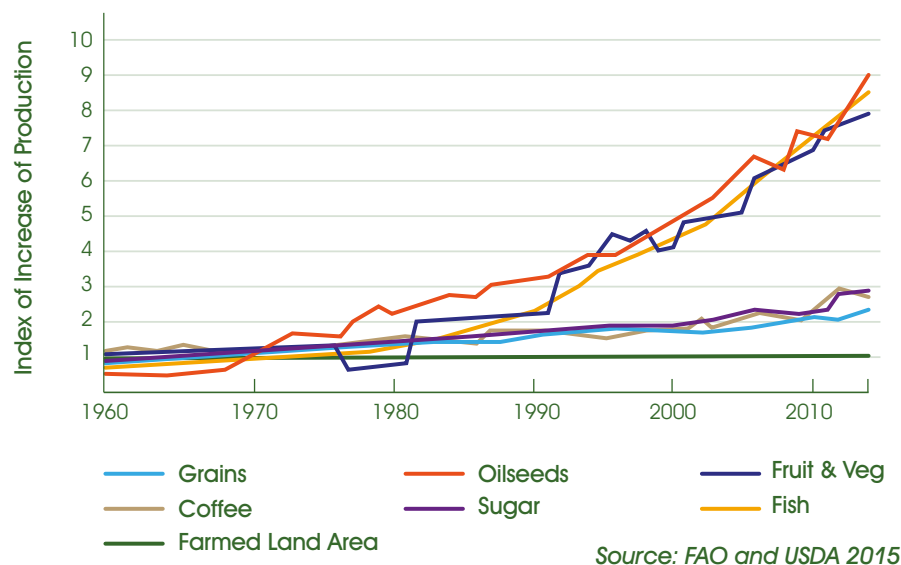
9 - This is when a financier supports a business but with courses on who will take over the management if it fails to meet performance criteria.



“ There is no money in being average.

As a direct measure of agricultural change over time, observe how harvest sizes have increased as shown in Figure 3. It shows an index of how foods have increased in production over a 50-year period. Grain production has more than doubled, sugar and coffee have nearly tripled, but that performance is nothing compared with the big changes: Oilseeds, fruit and vegetables have all increased by between eight and tenfold. The remarkable achievement, barely visible in this chart, is that all this has been achieved with only a ten per cent increase in land use over that 50 years. Red meat and milk production have not increased at the rates of the rest of agriculture, but still many times faster than land area used.

Figure 3 ~ Growth of Global Farming since the 1960's



Mechanisation and the other innovations in the agricultural revolution fashioned a major period of creative destruction in farming, disrupting all sorts of established agricultural firms and removing swaths of labour and farm businesses from the land. Increasing mechanisation and machine size has continued to replace labour on farms. This is common in a mature industry. The lessons we learn from our history and the main message from this part of this paper is "to resist change is to jeopardise survival" and "no, farming is no different; competition is unavoidable".

Continuing to do what you've always done to keep the risks down or because it's what we've always done is starting to look like a weaker plan. All this is encouraging entrepreneurial farmers to consider their own business in more critical, and lateral ways.

Some businesses are making as little as £60 per £100 spent on the farm. At the other end, there are operators who are making as much as £180 output for every £100 of costs. These are farming outliers.

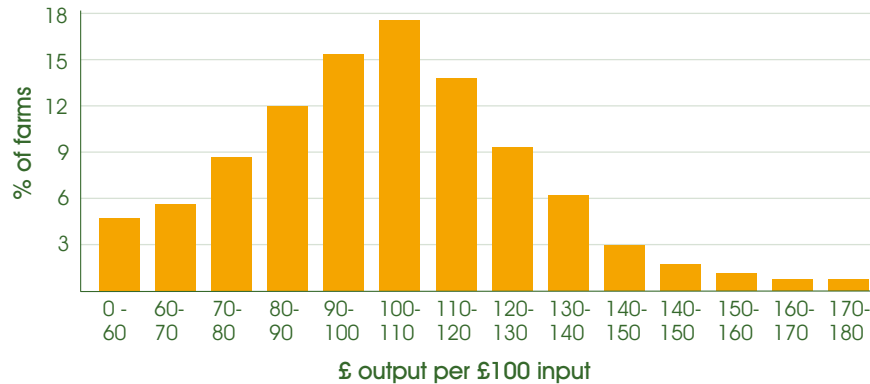
3.3 AGRICULTURAL OUTLIERS

Outliers, are those who achieve extraordinary things, and in most studied cases, extraordinary success (Gladwell, 2008). This might include sports players who rise to represent their country, musicians who become virtuoso performers, artists or performers who achieve great things on canvass or stage, and businesspeople who, with seemingly the same set of environmental circumstances, manage to achieve far more than most others. Indeed, what Gladwell uncovers is that for most outliers, a series of things occur that combine to create a highly productive environment. Some of these might be circumstantial or hereditary (birth date or location of upbringing), but most are based on effort and positioning. It works on the theory that the more and the smarter somebody trains for something, the more likely they will improve at it. It's also being smart with decision making, searching out contacts and ideas and generating chances. Then this attracts attention from others and leads to opportunities. This in turn improves them and the cycle continues. Is this relevant in agriculture? Of course it is.

Figure 4 illustrates the range of financial performance of UK farms. It is not quite profitability but a proxy of it. It demonstrates that some businesses are hemorrhaging value each year by making as little as £60 per £100 spent on the farm. We might assume most of these are in farming for non-commercial reasons; people farm for all sorts of reasons. However, at the other end, there are operators who are making as much as £180 output in their business for every £100 of costs. These are the agricultural outliers, the ones that are making a substantial difference to their business by doing things differently. In the Oxford Farming Conference report from last year, we discussed the power of marginal gain, how small changes (improvements) make a massive difference to any activity. These operators are implementing creative destruction for the benefit of their own business.

Those farmers at the right hand of Figure 4 are those who are eager to spot opportunity from change, those who, rather than build the shelter will welcome the new ways of doing business and accept the winds of change as opportunities.

Figure 4~ Distribution of Performance Across Farms 2013/14 (Defra)



Note: Output includes subsidies and diversification. Inputs are the costs used in the production process. Including land and labour. There are technicalities to this chart but it demonstrates a powerful point.

3.4 IS UK AGRICULTURE LESS ENTREPRENEURIAL THAN OTHER SECTORS?

Does the farming community lag behind other business sectors when it comes to entrepreneurial skills? We have already seen the enormous breadth of financial performance in agriculture demonstrating how some operators are clearly thoroughly capable, but others demonstrably less so. Some academic papers (Wolf & Schoorlemmer, 2007; Phelan & Sharpley, 2011) suggest agriculture as an industry lacks a level of entrepreneurial competence that other sectors have. If this is true, why might that be?

Energetic and enthusiastic people are inspirational. They empower others to do things who then inevitably achieve more than they otherwise would. Management and self-help handbooks advise the reader to surround themselves with inspirational and 'can-do' people with positive attitudes. This is because such traits are contagious and, even in small levels, do rub off. Malcolm Gladwell, in his book *Outliers* (Gladwell, 2008), notes that people who have a brief encounter with an abrupt and angry person before a meeting will demonstrate more defensive and aggressive behaviour in that meeting. He points out the corollary of people who have had a positive experience ahead of the meeting are more courteous and pleasant. He then identifies that repeated exposures become engrained in somebody's character if they spend a lifetime in a certain environment and

“Entrepreneurs are described as catalysts for change in the world of business, individuals who recognise opportunities where others see chaos, contradiction or confusion.”
Kurafko, 2007

indeed, critically for agriculture, takes several generations to change. He gives examples of diverse characteristics of people hailing from different parts of the US. He then links it back over several generations to how rural Americans had to defend their homesteads differently in different parts of the country because of various environmental conditions and consequential agricultural practices leading to instinctive behaviours and manners. His subtly powerful evidence is compelling and relates to findings (Ajzen, 1991; Verheul, van Stel, and Thurik 2006) which illustrates how cultural values, social environment and beliefs play a role in shaping the institutions of a country, hence influencing the decision of individuals to become entrepreneurial (Mueller and Thomas, 2001; Engle et al., 2011).

Why is this critical to UK agriculture today? After a generation, actions and behaviour become cultural and after several generations, they become engrained. The report by Wolf and Schoorlemmer highlights how many farms have been owned and managed by the same family for numerous generations. The paper also suggests that historically (assume some generations ago), the motivations for people to farm were arguably only partially financial, and partially subsistence, or in other words, centred on longevity and survival. This means that the drive for maximum profit would have been compromised by the focus on survival and business longevity. Survival and business longevity are collectively an area that UK agriculture is outstanding at.

If Gladwell is right on the time it takes to change cultural attitudes to situations, then this explains a lot. There is a deeply engrained subconscious cultural understanding at work here locking the agricultural mind-set to longevity and commercial survival over profit maximisation. A very long term and well established industry in an old-world and organised country will have more engrained and established mind-sets than younger industries (such as IT) or agriculture in new world countries (such as Australia), explaining why both these comparables change faster than UK farming does.

Yet this is reflected in the remarkable resilience of the farming industry and how slowly it tends to restructure. However, we should also take note of the number of tercentenarian (300 year-old) family farms compared with firms in almost any other business sector (family or not). It boils down to what individuals and cultures describe as success.

3.5 BUSINESS ADVANTAGES FROM ENTREPRENEURIALISM

Surely entrepreneurship is simply another way to manage a business? Surely, changing the way I manage my farm is good enough? I am too old to start changing my style of management. I have too much to lose to risk new ventures and so on. I haven't got time to think about all that entrepreneurial stuff. There are several reasons why we should bother about entrepreneurship:

1. To remain profitable;
2. To avoid destruction;
3. To seize opportunities;
4. To compete with large firms;
5. To grow exponentially.

3.5.1 MORE PROFIT

The return on capital in any business sector can be considered the ultimate litmus test of business performance. Figure 5 describes the variation of return on capital according to the Farm Business Survey in recent years, of the various main sectors of agriculture in England. The green line is the average performer in each of the sectors. Notice just how close they all are with a range from about 3% for General Cropping to -0.5% for Lowland Livestock, it is a range of less than 4%. Look now at the yellow window shapes. This is where the middle 50% of all operators sit, again, a reasonably tight range of performance in most sectors. However, the top quartile and bottom quartile of each farming sector are beyond the window-shaped boxes. The range of performance between somebody operating at the top 25 percentile of their sector (top of the window) and the 75th percentile (bottom of the window) is greater than the range of average performers between the sectors. However, the vertical lines with green bars identify where the middle 90 per cent of farmers' returns on capital are achieved. In other words, beyond the yellow blobs, there are still another five per cent of farm performances. The outliers in each category are performing much differently to those on or around the green line.

This chart identifies that it is not what is being farmed that makes a substantial difference to the ultimate measure of business performance, but how. The message here is that some performers are doing outstanding things within their businesses that pushes them well clear of the rest. Some may simply be doing an outstanding job at being technically and commercially brilliant. It is impossible from this chart to identify whether it is because of entrepreneurialism, but they are doing something different to the rest of the operators in their sector.

“It's not that I'm so smart, it's just that I stay with problems longer.”

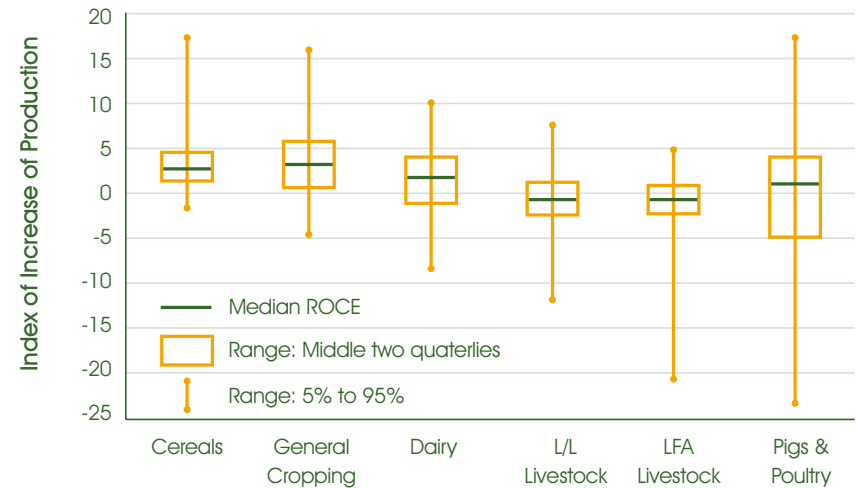
Albert Einstein



If you try and lose then it isn't your fault. But if you don't try and we lose, then it's all your fault.

Orson Scott Card

Figure 5 ~ English Farming Return on Capital Employed – 2010/11 to 2012/14



Date source: Defra

3.5.2 SEIZING THE OPPORTUNITY

Many people will have noticed that opportunities have a habit of arising or being spotted only when you are already busy (often as a result of the work that is currently being done). For the less entrepreneurial business manager, this causes barriers; “we are already so busy there is no way we can take this on, especially as it has no guaranteed income at the end”. To the entrepreneur, whilst accommodating the prospect might be a challenge, it is overcome by managing and organising relevant resources to capture the opportunities correctly. Indeed, for the strategically minded firms, the greatest opportunities rarely occur at exactly the point of writing the business strategy. So once it is written, the entrepreneurial minded business people adapt their firms as opportunities are presented.

Alistair Ewing is the Estates manager for the Ramsbury Estate. It is large and diversified. However, it hasn't always been quite like that. In fact, in the last 15 years, Alistair and his team, with strong support from the estate owner, have developed enterprises beyond commodity farming to spread their risks, add value to their

assets and create symbiosis between them. The various enterprises include a pub which has recently been updated and renovated to a gastropub, it uses the beef from the farm and has high specification B&B accommodation. Also, they have a brewery which produces beer for the pub, a vodka distillery, and a smoke house which cures game from the shoot. There is a biomass boiler which supplies heat for the brewery and distillery and the brewer's grains feed the cattle, and a cold press oilseed rape plant adds value to the combinable crop enterprise. The opportunity has been seized.

3.5.3 COMPETING WITH THE BIG BOYS

Since the economic woes following the 2007 financial collapse, the entrepreneurial firm has overtaken the large corporate structure in providing growth and opportunity, being more capable of responding quickly to the swifter changes that disrupt business flow. Even before then, the transition had clearly begun (Kuratko, 2007). Greater and faster connections around the world means that smaller firms can do amazing things more quickly than larger ones. Burns (2005) identifies that the number of small firms is increasing and large companies are struggling to survive. Indeed, he notes that the only large firms to remain in growth mode are predominantly the entrepreneurial ones. The pace of worldly change requires a fast-adapting firm which big business is far less adapted to do than smaller teams of responsive individuals.

Small firms, when compared with larger businesses are normally shorter on cash. This potentially presents problems when doing new things, it takes some entrepreneurial thinking to gather enough resources (Burns, 2011). Business activities tend to take on a different approach. Marketing, for example, becomes more personal with relationships with customers created rather than high cost marketing and advertising activities. Time, rather than money is invested. Furthermore, being small, they are likely to have a more restricted offer of goods or services than a large firm. These two points potentially make small firms dependant on fewer customers which, history has demonstrated, is true of farming. This is potentially another benefit of developing the firm in an entrepreneurial manner.

William Chase was a potato farmer in Herefordshire. Realising the margins for producing potatoes were very slim, and that he had no control over the price of his potatoes, he started making crisps, creating the Tyrells crisp brand. On searching for the next opportunity, William found a potato vodka distillery in the USA. He brought the idea back here and, after considerable research and upskilling, started to do the same here. The result is that Williams Gin and Chase Vodka (also from the same distillery) which are now stocked in all the major supermarkets.

See <http://chasedistillery.co.uk>

Entire industries are emerging and replacing others rapidly. Large businesses take longer to dismantle and rebuild into different formats than small, light-footed entrepreneurial operations. Look at Dell, Virgin, Microsoft and Dyson. All of these have been started from almost nothing within a contemporary lifetime.

3.5.4 FARM EFFICIENCY

Much is made of the need for greater farm efficiency. Yet, any business, almost regardless of what it does is inherently less than efficient. Indeed, farms tend to exaggerate this pattern, by virtue of having resources used for a limited proportion of the year. That could be harvesting and cultivation machinery and labour that is stretched and harvest time and underutilised throughout the winter. It is land that lies dormant and often stockless, throughout the winter, livestock sheds that are not used in the summer, labour that has work peaks, travelling to off-farm land areas. Yield variations and other factors based on weather vagaries and additional facilities that are purchased to cover extreme weather eventualities and so on.

So, making better use of the resources at hand is something that many farmers have been looking into. Some initiatives are entrepreneurial. Examination of the resources at hand and making something more useful out of them employs resources more fully:

A farmer (unnamed) in Northumberland noticed the 'downtime' his resources had in the course of an arable year. After putting his staff to work decorating the farm cottages, he realised an opportunity to sell this service in the quiet winter months and the 'out of season' decorating firm became a useful business. He then also purchased a 'portaloo' for an event he was running. Once owning the facility, he then hired it to others for their events.

Large businesses take longer to dismantle and rebuild into different formats than small, light-footed entrepreneurial operations. Look at Dell, Virgin, Microsoft and Dyson. All of these have been started from almost nothing within a contemporary lifetime.





3.5.5 GROWING EXPONENTIALLY

Commodity-based businesses are notoriously fine margin, high turnover models, meaning when prices are down, profit is scant. There are many people doing the same thing with varying performance levels. Making money from farming is therefore not easy, especially if time, land, opportunity costs and other resources are costed correctly. Performing above average and doing things better than most will improve margins and raise the business profit. It creates a linear improvement of business results. However, if an entrepreneurial approach is adopted, an innovation can solve a farming problem, or facilitate something in the supply chain or make people want your product more than others, then profitability change can become exponential.

If necessity is the mother of invention, then there are many farms that need to invent. Invention is not sufficient; implementation has to follow. In business, the combination is entrepreneurial.

Ibrahim, is a cotton farmer's son in Pakistan. He had the opportunity to study hard and travelled, as he figured it could give him an advantage over other cotton farmers in his region with who he competed. He noticed how tough the work was, how tight margins were and how homogenous the cotton was between each farm. Whilst doing an MBA in Columbia, Ibrahim identified a finer cotton than he had seen before and realised it would be softer to touch. So he brought some seed home and tried growing and marketing it. Before long, the wealthier buyers in the marketplace were actively seeking his cotton and paying substantially more for it. His clothing brand he has since developed now commands a four-fold premium over other comparable products in the marketplace.

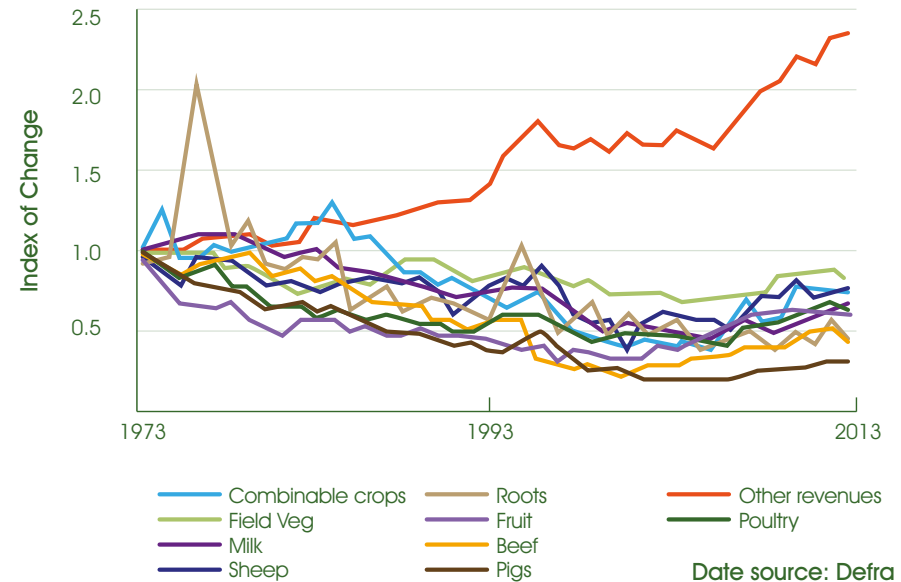


3.5.6 SOLVING COMMERCIAL PROBLEMS

There are examples in agriculture where entrepreneurialism has been forced upon a family situation, either when a new generation returns from college wanting a share in the farm business which is possibly already too small for the existing generation to support, or on the death of the oldest generation. If the farm is then divided through inheritance between the next generation of siblings it suddenly becomes too small for any of them. Extending the earning capacity of a farm business is often much easier to do through entrepreneurial initiatives than say, buying or renting in additional land, which is very costly at the moment.

For the majority of commercially minded farmers, whether committed to commodity production or not, lateral thinking with regards to opportunities and resources, is becoming more important. Indeed, it is already happening. The proportion of output from 'other' enterprises in agriculture has increased three fold in forty years, whilst the output of all others has, in real terms, fallen as demonstrated in Figure 6.

Figure 6 ~ Index of Variation of Output in Real Terms



JOHN GELDARD FRAGS, CUMBRIA, UK.

By Jane Craigie

Factfile

John Geldard, aged 64.



The farm business:

- ▶ John and Rachel Geldard farm in partnership with sons, Richard and Charles
- ▶ 210ha grassland plus additional rented grazing;
- ▶ 19 full/part time staff;
- ▶ Beef 150 cow Stabiliser suckler herd;
- ▶ Sheep 120 pedigree Charollais ewes, 1,000 pure Lleyne ewes both supplying breeding stock;
- ▶ 100,000 layers in colony and free-range units, plus a number of supplier egg farms.

The food business:

- ▶ Farm Shop and Plumgarths sausage and meat processing business turnover in excess of £2m. In addition there are tenanted units on farm, Lakeland Radio, Strawberry Bank Liqueurs, Chocolate brownie lady, artisan baker, tea room and pizza business.
- ▶ 2010: Plumgarths Tea Room and Farm shop turnover grew 15% in the first 12 months.
- ▶ 2009: Plumgarths Sausage and meat processing facility supplying ASDA, Booker and over 100 independent customers inc universities, schools, pubs and top end food service; supplying 4.25m sausages per year.
- ▶ 2002: Plumgarths ASDA Local Sourcing Initiative, a blueprint venture to provide a route to market for Cumbria's small specialist food producers with ASDA [The Walmart Group] – 76 lines supplied in total of which 50% are supplied by Plumgarths.
- ▶ In addition to the above, J and R Geldard and Sons supplies with eggs from the farm business operation to ASDA, Aldi and Morrisons, plus a further 120 independent and food service businesses.
- ▶ 2001: Plumgarths Hub launched, turnover in excess of £4m; 35 employees.
- ▶ ASDA retailer most successful in sourcing from local suppliers; grown since 2002, concentrated on developing companies that can grow with them.



This entrepreneur's journey

From a background of a small Cumbrian family farm on marginal land with 25 cows, laying hens and some sheep, John, his wife Rachel, and the Geldard family has built an enterprise that benefits hundreds of people and businesses in Cumbria.

John's mother encouraged his independence from the age of five. He was given 'tuppence' and told to walk to the bus stop to get on the number 555; at the end of the day to get off the bus at the 'Tollbar' junction.

Six decades on, John is a livestock farmer who has diversified into Plumgarths - a local food hub supplying over 80 lines of local Cumbrian foods to ASDA, a free-range and colony poultry unit supplying the main retailers and local businesses, a meat processing business specialising in poultry, beef and lamb products and a farm shop and café. Together with his fellow directors, he has also overseen the development of J36 Rural Auction Centre, an expanding hub focused on an auction yard, featuring vets, legal services, insurance brokers, agricultural consultancy services and machinery distributors. plus a ladies' hairdressers and a fine furniture auction mart.

The influences on his business and life were his first job, aged 15, he cycled to work on a large, local farm that retailed their own milk and eggs direct to consumers. "It was here that I really learned about the power of the consumer." This farming family



understood customers, added value to its produce and in turn it was reinvesting that additional income in machinery and equipment which was enabling it to progress its business. This was John's first business role model

In these formative years, the Young Farmers Club organisation was very influential for John from aged 11, involving him in committees and community engagement, including with the highly successful Westmorland Agricultural Society. These two organisations involved him with local entrepreneurial farmers and businessmen who took the time to guide and teach him about both business and personal development.

The Westmorland Agricultural Society benefitted from John and his fellow-director's vision and entrepreneurialism. In his mid-30s, John was one of the directors that negotiated with the agent for Morrison's supermarket and sold the site of the Society's one-day show, yielding them £2.6m which was invested into a farm which has now become home to the famous Westmorland Show, and an influential local agri-business hub.

John and Rachel took on their first farm tenancy in 1975, shortly after they were married. In 1988 they bought their current farm, Low Foulshaw - a greenfield site - which was a bold move at a time when they borrowed the full £220k cost of the farm at 15% interest. "I had some people saying now's the time to buy and invest, and others saying it's the worst time to buy; but you have to sift through the advice and go with your gut instinct; it wasn't wrong."

John says it has been an important part of his career to chair three breed societies, AIMS representing small and medium processors and the National Sheep Association. The various positions have kept him well connected with industry issues, changes and requirements which, in turn, have led him to progress to helping to advise and mentor the next generation.

Over the years he has made some bold and good decisions to pioneer 'new' livestock genetics – Bluefaced Leicester, followed by Charollais, Lleyn and Stabiliser.

These pioneering investments were introduced as part of the Geldard strategic plan for additional income with minimum production costs. However they were accompanied by the risk of being early adopters.

The early years on the farm, they also invested in a free-range egg-laying business just after the BSE and Edwina Curry egg scares; "consumers were looking for food they could trust." Free range eggs were less than 3% of the market, but they were growing. The break for the egg business came when ASDA had just moved into Kendal and John's wife, Rachel, asked them how they could supply eggs to the supermarket; John and Rachel attended a meeting at ASDA's head office and came away with a "win: win contract."

John believes in marketing – researching his consumers, developing products for that market and building brands. "Markets change; three decades ago the drive was for lean meat; people now want meat with marbling – it's vital to understand these shifts and adopt your system and product to suit."

He has built some strong relationships with retailers built on trust and mutual gain. For example, ASDA wanted to source local foods from small producers for its stores, John knew he could help – he had the contacts and the foresight to see how a food supply hub could work to ensure the right products in sufficient quantity. That was back in 2002, it is still going strong, but it is certainly changing in line with the current economy and consumer demands.

John has the ability to develop visionary business plans that raise capital and engender investor and partner confidence, as well as the strength to negotiate hard on contracts. His attention to detail on production quality, service and budgetary control – he sees – as sacrosanct.

John, the person

This man has vision, passion and a belief in people. He loves farming, Cumbria and his local community – and building a legacy and a business for succession are huge motivators for him. He believes that farmers must fundamentally understand consumers and build a business supplying them.

His strengths are his ability to listen and learn from others, to utilise his wide network and, he says, that he's had the knack of knowing when to quit and not being overly dogged to get what he wants. He is a gentleman and has total integrity in the way he treats others and expects to be treated the same way. He says this was how he was brought up. He admits to having an ego, being competitive and having had to be ruthless.

In business, John is a firm believer in the power of collaboration the length of the food chain, and also the power in being able to influence people – at any level – something he is very able at doing. His expectations are high and he's not frightened by risk, provided the returns look right on paper. He says that he is not fearless, and often wondered if he had pushed too hard in a new enterprise or venture; but now he looks back and asks, was I bold enough? This question has fuelled him to develop the most recent businesses.

What's next?

John and Rachel have just invested in a Cumbrian farm which gives his grandchildren potential opportunity in the future. In the meantime, they have just provided a new entrant with a 15-year lease on the property enabling her to gain her first rung on the farming ladder. This is just another example of his helping nature, his belief in people and their local community.

Advice for others

1. Take advice, but go with your gut feel and your calculations;
2. Listen;
3. Try to get involved with the industry around you;
4. Go to The Oxford Farming Conference to network and learn - even if it's a financial stretch;
5. Be above average;
6. Someone told me, if you're half a man understaffed, things are always on top of you, if you are half a man overstaffed, you're always on top of things – I recommend the latter;
7. Recognise and buy in the knowledge and expertise you need;
8. Make bold decisions before an issue arises;
9. If you don't do your 'it', you won't progress, whatever your 'it' is;
10. Focus on what you believe in and what you're passionate about;
11. Take pride in what you do, what you produce and what you achieve;
12. Work with other people/organisations;
13. Don't be too dogged, know when to quit, or when to compromise;
14. Take a risk, but make sure the budget stacks up.



CHARACTERISTICS OF AN ENTREPRENEUR

Wilfred Emmanuel-Jones, Jamaican born and raised in a small terraced house in a run-down part of inner Birmingham, always believed in himself. He has always known he had more to offer than what might have been expected of him from his humble background. He was one of nine children and his parents had little to their name. At the age of eleven, he decided he was going to buy a farm and that one decision became his mission. It was not just his dream, it was a personal necessity. You can dream without success, but this had to happen. Twenty years later, his ambition was achieved, but his momentum for entrepreneurial discovery had only just begun. Today, better known as The Black Farmer, he is one of Britain's best known farmer entrepreneurs, selling food products direct to supermarkets now with an annual retail value exceeding £15 million.

Mr. Emmanuel-Jones describes the two things his father taught him that are necessary to grow an entrepreneurial business: The first is to be extremely focussed. Clarity of vision allows you to steer your life, resources and business with full confidence, enabling decision-making to be far more straight forward. The second is to have a positive mental attitude, because with that, good things come your way.

The biggest barrier to entrepreneurial success, says Mr. Emmanuel-Jones is the fear of failure. What will people say, what will you do, how much money will you lose and so on? There is only one antidote he continues, and that is passion. If you have the strong emotional feeling towards what you are doing, then fear is overcome.

5.1 BORN OR BRED? THE SLIDING SCALE

Entrepreneurialism is not binary. It is not either on or off like a light. Nor is it something you will never have if you can't currently find it in you. It is something that everybody has within them, but of varying amounts depending on the nature of the person and how their environment has developed it within them. It is similar to virtues in this manner such as honesty, compassion, patience, intelligence, courage and so on. Out of ten, Mark Zuckerberg and Elon Musk (founders of Facebook and PayPal, Tesla Motors and lots more) are clearly in the 9.9 or more region, others, evidently not famed for their business skills, will be near to zero!

Socrates in his discussion with Meno explains how virtues are within everybody, albeit at varying levels, just some people work to crystallise them into useful life-skills. We can consider skills such as entrepreneurialism and leadership as virtues; everybody is capable of them, although, just like learning a language or anything else, it needs to be practiced. Firstly, everybody must believe that they can improve at being an entrepreneur if they want to, and the opportunities to develop this are not necessarily as formal as being anointed team leader at work, but can be at any stage of life.

So everybody has an entrepreneurial ability within them if the focus to achieve something is ignited. Whether they are competent at something will depend mostly

on how much practice or learning they have done either directly (schooling or reading) or more likely, through practice (and observing others or using mentors for examples). As already pointed out, being an entrepreneur is measured by achievement only.

5.2 THE PERSONAL TOUCH

Entrepreneurialism is generated from individuals, rather than computers or machines. Computers are not entrepreneurial, they are totally obedient, and follow prescribed sets of instructions. There is nothing less entrepreneurial. Entrepreneurialism is achieved when somebody moves away from the 'programme', identifies improvements and makes the decision to implement something. This is what makes entrepreneurialism a totally personal thing. Somebody might be entrepreneurial only if they have a level of belief in themselves to achieve something. Professor Paul Burns (2005) identifies a key difference between an entrepreneur and anybody else, in that most people find change threatening, whilst entrepreneurs welcome it because it creates opportunities that can be exploited through innovation. They therefore go out of their way to question the established order, looking for ways to create competitive advantage.

Researchers and academics have interacted widely with entrepreneurs and worked to identify their characteristics and traits. This is what characteristics most commonly appear within an entrepreneur (Roomi & Harrison, 2011);

- ▶ Risk taker
- ▶ Change manager
- ▶ Hard working
- ▶ Smart working
- ▶ Innovator
- ▶ Dedicated
- ▶ Highly focussed
- ▶ Self-motivated
- ▶ Confident
- ▶ Accountable for their own success or failure
- ▶ Work well under pressure
- ▶ Their own boss
- ▶ Passionate
- ▶ Prepared to risk personal assets
- ▶ Won't accept 'no' as an answer

All of these traits help the entrepreneur, but none are exclusively necessary. If there are two traits that are necessary in all entrepreneurs, they are:

1. Perseverance / Persistence ~ Somebody who keeps trying despite delays or obstacles;
2. Proactivity ~ somebody who will get up, either generate or spot an opportunity, act upon it and make a difference.

5.3 PERSEVERANCE AND PERSISTENCE

If you retain your opinion in spite of adversity, you are persistent. Remaining committed to your own thought and ideas demonstrates it. Knowing you are capable of something in your own mind, even though you have not achieved it before, or indeed, it has not been achieved by anybody before, is persistence.

David Speller was advised by some close friends that he was mad when he built his first poultry shed. In their world he might have been as they possibly lacked the dedication and determination to see something through. They might not have had



Entrepreneurialism is not binary. It is not either on or off like a light. Nor is it something you will never have if you can't currently find it in you. It is something that everybody has within them.

the will to take on high capital borrowing or extreme financial gearing that David did. He stuck to his own beliefs and built the largest and arguably most advanced poultry farming operation in the UK.

When Wilfred Emmanuel-Jones took his gluten-free sausages to the retailers, they all turned him down. Every one. Instead of giving up, he went on a roadshow around the country to raise support from the consumers. He persuaded them all to access his website where the addresses of all the supermarket sausage buyers were listed. He bombarded them with consumer's requests to supply them. That act alone is highly entrepreneurial, and demonstrates persistence beyond what most people would do.

Perseverance, is continuing to work at something despite the inevitable criticism that will come your way from those with a different perspective of life, different information at their hands and different levels of commitment and determination. Some may even criticise because it wasn't their idea! Everybody has a different level of interest and determination to achieve things so some people will inevitably think that trying something new is cranky as it makes work for yourself or raises uncertainty. If you listen to them saying "you can't do it", they'll be right but if you don't, then you have a chance of proving them wrong.

"It's not that I'm so smart, it's just that I stay with problems longer."

Albert Einstein

Continuing to work on a task until it is complete, regardless of the difficulties and barriers that will inevitably be presented to you in the process shows tenacity and persistence. Inevitably, when you are trying something new, not everybody will 'get it'. People will ask odd questions, others offer negative feedback. People sensitive to others' comments will be put off unless they have a conviction that their idea is going to work and the passion to see it through. Persistence is therefore easier to demonstrate if the individual is entirely comfortable with his or herself as an individual and that the idea they are working on is truly sound. It would have been easy for example for J.K. Rowling to have given up on her career as a writer, as her first Harry Potter book was apparently rejected by twelve different publishing organisations before being printed. Whilst trying to sell her book she was told not to bother writing any more.

There is a fine balance between persistence and stubbornness and inflexibility. For example, some ideas might benefit from a 'tweak' whilst other might be truly stupid and taking advice would be helpful. Spotting this dividing line is a skill itself.

Sitting in the comfort zone is a very big barrier to progress; you might know what is

happening today but you don't know what is going to happen tomorrow. Status quo is not enough. If you are unable to create, you are being destructed. Nothing was ever achieved from the comfort zone. In order to make something new, the 'stretch zone' has to be entered. The stretch zone is the area that tests your skills and abilities without breaking you. It's larger than most people think. In a similar way to how an elastic band is useless until it is stretched, so it's the same with people. Equally, an elastic band is useless when it is stretched too far and it snaps.

5.4 PROACTIVITY

Proactivity is building and taking control of something or a situation rather than responding to it. It is leading and pioneering something with your own energy, it is the opposite of 'reactivity' which is responding to change when it happens rather than creating it. A proactive nature means that somebody seeks out opportunity rather than simply relying on others noticing them. Whilst most people acknowledge that luck does play a part in people's success, some are clearly able to minimise the amount of their success that is based on luck, and be predominantly accountable to their own actions.

"The harder I work, the luckier I become."

Gary Player

Not all proactive people are necessarily entrepreneurs but all entrepreneurs are proactive. Entrepreneurialism is where the energy and drive for the vision, change and creation comes from, it is where the belief to start something fresh is built and it is the fire in the individual's heart to defy the unbelievers and continue to chase their vision of greater and better things. In this respect, entrepreneurs become so proactive that their work and home lives tend to blur, rather like farming!

Proactivity accelerates the 'learning-by-doing' approach. Doing something, even if it doesn't work first time is often the fastest way to learn something. (Burns P., 2011). As we explore in Chapter 7.4, practice and actually doing something like management accounts for about 90% of the learning process. The fact that most entrepreneurs consider their work to be fun or part of a greater challenge to meet their own personal objectives also drives them on to be ever-more proactive.

5.5 INCORRECT IMAGES OF ENTREPRENEURS

Returning to the list on page 41, we find it almost impossible to spot an entrepreneur in a crowd and notice how easy it is to be wrong about somebody before we really know them. We have probably all watched BBC's *The Apprentice*. So we might have a biased opinion of what an entrepreneur has to behave like; opinionated, dogmatic, coarse, time-limited, frank, overly dominant and painfully self-confident. Whilst these programmes are educational in one respect, they have a strong TV-whitewash to create great viewing too. (Incidentally, Alan Sugar's books paint an entirely different image of him and those who have met him agree he is not like his television character.) Look around your commercial world. Spot those with a dynamic vision of change and creation. Are they as blunt as Alan Sugar's TV



profile? Probably not. Some very quiet and timid-looking people have a strong desire to achieve and do, they can be proactive grafters. Indeed, it is something that often lies sleeping in people, only to be awoken by an event or life experience planting the seed of desire to make things happen.

Some of the points on the list of bullets on page 41, are therefore likely but non-essential. There are, for example, entrepreneurs who are not prepared to increase their levels of risk. This means that whilst their business might grow more slowly, it is also safer than others'. How come? It is the energy and ability to create something to achieve commercial success that determines an entrepreneur. If somebody manages to persuade another person to risk their own money, reputation or business, possibly for a share in the profits, the entrepreneur will not take on any financial risk. They are still entrepreneurial. Indeed, in this case, the deftness of passing the risk onto a third party might be considered entrepreneurial in its own right.

So any attempts to describe an entrepreneur in a single set of characteristics is likely to fail. Entrepreneurs are not then, one type of person. Essentially it is what somebody does rather than who they are that makes them entrepreneurs (Stevenson, 2006).

"A pessimist sees the difficulty in every opportunity, an optimist sees the opportunity in every difficulty."

Winston Churchill

"And an entrepreneur takes that opportunity and turns it into reality."

Author's addition

Other false beliefs about entrepreneurs are that they operate as individuals and run small businesses. In fact, more successful entrepreneurial activities are created by small groups of people rather than individuals (Chen, 2007). Furthermore, entrepreneurs do tend to make money but some will make no more than a salaried person. And of course whilst most things have small beginnings, successes tend to grow; JCB was very small when Joseph Bamford started welding tipping trailers in the 1940's, but of course is now one of the largest makers of construction equipment in the world.

Alistair Ewing has a very strong working relationship and high level of trust between him, the farm manager and the owner at the Ramsbury Estate. The encouragement from the owner to seek out ways to add value to the farm, and link the enterprises through mutual benefit is strong. Alistair is interested in creating new business and together, the partnership creates value where individually, it might not happen.

FF Success has no meaning if there is no chance of failure.

Anon

5.6 TACKLING FAILURE

Risk cannot be avoided. Entering a new market space or doing business in a different way is clearly going to take on a new level of risk. However, risk is often mistaken for uncertainty of change. Smart entrepreneurs are eager to reduce risk. They appreciate doing something new will incur a different kind of risk, and that there are several ways to mitigate it, spread it and foresee it. Removing risk often removes any gain or will incur substantial costs. Where there is a risk, there is a chance that something might not turn out as planned. It would not always be described as a failure.

This comment from an unknown source identifies the need for uncertainty to achieve success. Failure, is part of being creative and must be accepted as this is what defines risk. By definition, nothing is guaranteed to provide a high return, and so everything carries a level of risk (Roomi & Harrison, 2011) (even keeping money in a fixed rate bank account carries risks). This is something that anybody entering an entrepreneurial place should consider as reality. People are fundamentally hardwired to fear losses more than they value gains which can impair decision-making (Weiss, 2013). If you lose £10, you will spend more time getting it back than if you are told there is £10 to gain from doing something. People tend to be more upset when an investment or gamble loses 10% than the pleasure from when it gains 10%. This is one major barrier explaining why most people are not interested in entrepreneurial activities where there could be a downside, even if it is outweighed by a probable upside.

After a failure or knock, the business will be likely to be depleted on resources, possibly financial but more likely in confidence. However, the true entrepreneur is capable of getting back up and continuing the process of creating a vision, making change and creation.

Highly entrepreneurial people will not be deflated for long by temporary setbacks, the majority of entrepreneurial people tend to return with full energy and new ideas to try. This means that they tend to achieve a certain level of success, even if it takes a few tries. If it doesn't, then one might argue that there is something un-entrepreneurial.

Musgrave Management Systems tried several other land uses that have since terminated. Organic rose veal, Angora goats, and fixed timber racing, a special type of horse racing, to name but three. Chris Musgrave does not consider any of them as failures, they just didn't make as much value for those involved as other things.

The act of taking a risk does not lead inevitably to success or make you entrepreneurial. Indeed, it simply raises the stakes (Stevenson, 2006). Half of all firms cease trading in their first three years of trading (Burns P., 2011). Some of these will be because they are bought by other firms, other individuals who have set up will find better (employed) opportunities possibly having been noticed by others through their entrepreneurial venture, but some will be from lack of financial viability.

Steve was full of business ideas, he always seemed to have a new venture he was developing. Unfortunately, he never managed to work out either how lucrative they might be or how much time they were likely to consume. Steve's commitment tended to fail when he realised that to take something to market was a bigger task than he expected. He has now lost most of his inheritance and as the money has dried up, so have the ideas.

The example above is a true example, only the names have been held back to protect the innocent. There is stigma attached with failure. If somebody tries a venture, and it does not work, the individual will often take that as a personal failure rather than a failed enterprise. Even assuming the entrepreneur made mistakes in the process of setting up the venture, if they are considered learning opportunities, then the failing is on the enterprise and not the individual. This is arguably a stigma that is too strong in the UK. Many people are far more focussed on not failing than succeeding.

So why do we only ever hear about the successful entrepreneurs? Surely if new innovations are involved, or stretching into new territory beyond that which your resources can immediately support is highly risky? There are some issues at play here:



A pessimist sees the difficulty in every opportunity, an optimist sees the opportunity in every difficulty.

Winston Churchill

1. Entrepreneurs are not necessarily high risk takers but prepared to try something new and enter an unknown territory. So, whilst taking a step into the unknown arena, they often do so having made sufficient checks to reduce all business risks to a minimum (this is something that Steve arguably omitted). Market research, testing markets or new products and even sharing risks with others are examples of lowering risks.
2. Truly entrepreneurial people, when they hit a failure of some kind, are quick to pick themselves back up and try again. People with these characteristics will sooner or later be likely to succeed.
3. Who wants to hear the story of an un-entrepreneurial entrepreneur? We love success stories, and so we admire those who try and succeed. Those who try but fail are largely ignored.
4. Few people who have tried something unsuccessfully would be as happy to have their story told as those who have been successful at it.

There are ample cases of highly successful business entrepreneurs who have had several flops. Indeed the Koch brothers, US oil magnates, owners of Bunn Fertilisers here in the UK and the second largest private firm in the world, have managed to achieve their target of doubling their business size every 5 years for 50 years. Yet, in their book "The Science of Success" (Koch, 2007), which also doubles up as their staff manual, you can read their lists of successful and unsuccessful enterprises and see as many initiatives in their graveyard of failed initiatives as those still on the scoreboard. Indeed, an entire appendix of his book is dedicated to them. Furthermore, when Charles Koch joined his father's business, his father told him he hoped his first deal was a failure so he didn't become complacent. A crucial key to entrepreneurialism is the ability to over-ride temporary setbacks and keep going. Charles Koch is also keen to identify that if something is terminated or sold, it shouldn't necessarily be classed as a failure, but that the enterprise becomes of greater value to somebody else than you meaning it is economic to sell it to a third party.

Anyone undertaking new ideas is likely, at some point, to experience failure or drawbacks that don't generate the expected value to the business. Either the demand in the market is not reflected by the market research, or the product itself is not quite as it was perceived or something else happens to destruct it at the start. However, failure is part of growing. Consider how many times a child falls over when they are learning to walk, or the number of wrong notes a new musician plays. The same is true in business, especially when you are entering unfamiliar ground. And it is not only small firms. Here is a list of some well-known and hugely successful businesses who have made monumental mistakes with new products:

1. The Ford Edsel, a car that nobody bought.
2. Coors Water, bottled water is highly successful but from a beer company was the wrong message.
3. Apple Newton and Apple Camera, two Apple products that never made it.
4. Microsoft Bob and Zune, a childlike software platform and a digital media player, neither of which were popular.
5. McDonalds Arch Deluxe, a top-end burger from a mainstream fast food outlet. No appetite for it.
6. Google Lively, a web based virtual environment which wasn't used.
7. Facebook Home, Facebook page becomes your homepage. No thanks.

So if these companies and the Koch bothers make their fortunes while also making mistakes, we should be able to embrace mistakes as lessons for the future and learn from them. We all make mistakes and sometimes feel awkward about them and are sometimes financially worse off as a result, but this is what learning is.

5.7 AVOIDING COMPLACENCY; THE VICIOUS POISON

When do we have enough skills and knowledge? If you want to improve what you are doing, and develop your farm business further or make it more secure or stable or raise profits or farm smarter, the answer is never.

In 2011/12, the Farm Business Survey asked farmers whether they would like to know more about business management practices. Half of farms thought they didn't need to learn anything more (Defra Farm Business Survey, 2011/12). This implies a highly concerning level of complacency in the UK farming sector. Few farmers, when asked, put themselves in the bottom quartile of farm performance. It tends to be about one per cent. However we all think in the same way. Humans have a cognitive bias at overestimating their own abilities (Weiss, 2013). Weiss in his book identifies how almost 9 out of every 10 Stanford MBA students placed themselves above the median of their group; technically impossible! This is known as the Dunning-Kruger effect and is more pronounced in low-skilled tasks. Even those in the top category of performance should never assume they know enough about something. Ironically, the top performers probably don't!

5.8 REJECT ABSOLUTES

Listen to the interviews of two team managers after a sports match. Which interviewee says "They did their best"? It's a phrase that almost asks to be followed with the word "but" because the sentence builds up to failure. It draws a line in the sand, beyond which nobody can cross. It's like using the word 'can't'. 'Doing your best' is a recognition of limits. "I will give this much effort, but I can push no harder, or have other engagements to attend".

Before Roger Bannister achieved the four minute mile in 1954, many people did not believe it was physically possible. To achieve the feat, Bannister had to continuously visualise the possibility of the achievement to create a sense of extreme certainty that he could do it to enable him to break the record. Once that certainty had been made, several others soon followed his achievement.

From the entrepreneur's point of view, no absolutes can be allowed. Entrepreneurialism is an expedition of discovery into places that people have not ventured before. It is a journey and not a destination. Jeff Bezos, in his early days of building Amazon would refer to that time of the business plan as "Day 1". Amazon is now 22 years old and Bezos still refers to the stage of the business plan as 'Day 1'. Read about Philip Green and his retail empire he built up from nothing over 50 years of business. He has family members controlling large parts of his business, although he says "Good is not enough, you have to be far beyond 'good' to hold these positions".

Entrepreneurialism is an expedition of discovery.





5.9 SERIAL ENTREPRENEURS

Once you have innovated, created and realised the vision, are you in the club? Is it a lifelong membership? No. There is no club tie. Entrepreneurship is ongoing renewal of improvement and development. It might be more helpful to describe somebody as showing entrepreneurial traits rather than actually being an entrepreneur.

When many people reach a level of business that either they consider is sufficient for what they want, or that they think they might not be able to manage anything else, the entrepreneurialism often grinds to a halt. As somebody moves through their career and develops less appetite to work the long hours required to create and develop new things. This is termed 'success disengagement'. It all depends on people's plans. Taking steps into an entrepreneurial venture often leads to new opportunities and ideas that previously somebody has either not considered or been in the right place to take advantage of.

David Speller set out to be a tremendous broiler farmer. Initially, this was the sole objective and that enveloped his business-mind. From that platform, new opportunities appeared to him that raised his game. He had not set out to be a 'serial' entrepreneur. Yet, once he had sufficient poultry sheds, justifying a feed lorry was not difficult which led to others' wanting to hire it for their own use. It encouraged researchers to want to work with him and to other poultry farmers wanting to engage his services to set up and manage their own units. None of this could have been implemented without the first initiative.

Whilst David has achieved so much, it is likely that this was because he set out to achieve only the one thing. He managed to concentrate on that objective. Dalton and Spiller (Dalton & Spiller, 2012) demonstrate academic evidence that if somebody has multiple objectives, they are less likely to achieve any of them. This is an important point that should challenge whether an entrepreneurial initiative is going to spread your goals wider or narrower than they currently are and how you are likely to manage them.

5.10 HIDDEN ENTREPRENEURS ~ OTHER PEOPLE IN FARMING

Farming, almost regardless of the farm size can easily occupy somebody all the time. There are always tasks to be done, especially on livestock farms. Thus, the 'primary' farmer can easily become fully employed doing the day to day tasks that have always been done, possibly doing urgent but less important work and leaving little time to develop new ideas, to create and build new ventures or think. It is sometimes, therefore, the farmer's spouse or possibly another family member who identifies an opportunity and quietly works away building it into another venture. These individuals are known as 'hidden entrepreneurs'. The opportunities that lay behind hidden entrepreneurs are potentially great, often the combination of opportunities is greater than and certainly different to that of the farmer him or herself. Here are some ideas why it might be so:

- ▶ Being slightly back from the day to day operation of a business can make it easier to 'see the wood for the trees'. In other words, to put the farm business into perspective and recognise the opportunities. The daily 'chores' of running a farm, will, for many people take up substantial time and therefore not allow the occupier to think about and plan the business in an entrepreneurial way. The spouse might have more 'space' to consider such opportunities and recognise the difference between urgent work and important work and more time to do something about it. Feeding livestock is urgent but maybe won't grow a business as much as something entrepreneurial which can wait until tomorrow but could revolutionise the business.
- ▶ It is easy to make difficult decisions that you don't have to make. (Sports supporters are great at this, - "he should have gone for the penalty kick, not the line-out...".) Another person close to a business might feel frustration that the farmer doesn't do something. Having told somebody that a decision needs making or an opportunity is waiting, maybe encourages them to take the action.
- ▶ They will be interacting with different people. They might be playing a vital but less obvious part of the business (such as completing the books, managing the calves or running the B&B for examples) and slowly developing new income streams anyway.
- ▶ The pressure on them to be commercially successful is arguably lower. The pressure not to fail is therefore also lower, releasing them from the prison of fear. The authors argue this is the big one out of the above. If there is less pressure to succeed and not fail, then there is considerably less barrier not to do something.

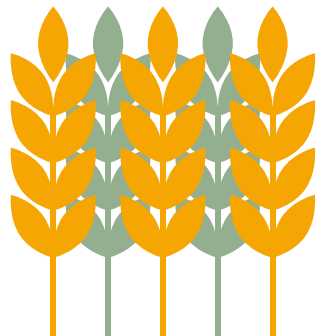


“ Success is 1% inspiration and 99% perspiration.
Thomas Edison

For most of our day, we are led by habits (Neal, Wood, & Quinn, 2006). We do the same thing at the same time each day, more or less, whether we realise it or not. Daily habits are undertaken without really thinking. Making a cup of tea, locking up the house or changing gear in the car. Who can remember actually doing these things? A habit is a process created through repetition many times allowing them to be undertaken and brain to operate at a lower level. Imagine a virtuoso pianist mindfully placing each finger on the keyboard to create a Mendelssohn piano concerto!

Habits become part of your daily lives. This leads to people doing the same things in a routine. It makes good use of time and thinking space. However, it also creates ruts and channels of procedures that become increasingly difficult to climb out of. This can make our lives process-orientated and less mindful of opportunities or different ways of living. It can block out the entrepreneurial streaks that lie dormant within us as habits obscure us from thinking about why we are doing something. Charles Duhigg in his book *The Power of Habit* (Duhigg, 2012), points out that some things like willpower can become habitual and habits can be developed to actively examine routines in different ways to identify new opportunities. He points out it is a habit that needs to be developed itself.

This means it takes time and rehearsal but a mindful decision to create a habit of chasing new ideas and entrepreneurial opportunities might be required for some who have maybe done more or less the same work for a generation. Indeed, this might be another reason why the hidden entrepreneurs can develop new business space.



JIM & MARY RICKERT, CALIFORNIA, USA

By Steve Werblow

Factfile

Jim Rickert, aged 67

Mary Rickert, aged 63



The farm business:

- ▶ Jim and Mary manage a range of ranches and farms through their company, Western Farm Management, which they operate with their son James;
- ▶ Prather Ranch is their flagship operation, with an annual net income of approximately \$740,000 (£485,000);
- ▶ Prather Ranch operates on 13,000 ha of grazing [permanent pasture] and hay land [lucerne and timothy] 3,850 ha is owned;
- ▶ Upon the death of the principal owner, Walter Ralphs, in 2010, Prather Ranch split into two corporations—one holds most of the land, and the other, of which the Rickerts own 36% of the shares, holds the cattle, beef business, assets and 400 ha of rangeland;
- ▶ 6,700 ha is covered by conservation easements that limit land use to agriculture in perpetuity;

- ▶ Annual precipitation ranges from 230 to 1,016 mm;
- ▶ 23 full-time and part-time staff at peak periods; 15 to 17 year-round employees;
- ▶ 15,000 short tons of hay sold annually. Hay, grain and straw sales contribute 52% of revenue;
- ▶ Field crops include hay (for on-farm use, local sale and export markets), wild rice, cereals, and land leased to producers of strawberry nursery plants;
- ▶ Hunting leases provide modest but significant revenue;
- ▶ 75 kW hydroelectric plant and 285 kW solar plant provide renewable energy on the headquarters ranch.



The cattle business:

- ▶ 1,450 beef cow suckler operation in a closed herd—no new females introduced since 1975;
- ▶ 500-head feedlot;
- ▶ 465-square-meter abattoir on the ranch, built and maintained to operating theatre standards;
- ▶ U.S. Department of Agriculture inspector oversees all slaughter, permitting commercial sale of meat, hides and other products;
- ▶ Slaughter 20 head per week. Beef contributes 35% of income;
- ▶ Hides, pituitary glands, bones, and arteries are sold to medical device companies, accounting for 8% of ranch income;
- ▶ Prather Ranch has a 9-month waiting list for its full, half and quarter-carcass beef sales;
- ▶ Premium beef cuts are retailed via Prather Ranch Meat

Company, a posh butcher shop in San Francisco, California, as well as farmers markets in the San Francisco area and several northern California groceries;

- ▶ Many top restaurants in the Western U.S. serve Prather Ranch beef;
- ▶ Prather Ranch beef follows a cost-plus pricing model rather than riding commodity beef markets;
- ▶ Every animal is traced from birth to retail cut. Ear tag numbers appear on each retail package, and every animal is cost-accounted;
- ▶ Prather Ranch provides sire evaluation services, generating \$50,000 (£32,760) in revenue annually and obtaining free semen from prime bulls;
- ▶ ISO 9000 compliant.



The entrepreneurs' journey

Jim and Mary Rickert are both fourth-generation California cattle producers. Jim's family raised beef cattle, and for three generations, have also operated meat-processing businesses. Mary grew up on a California dairy farm in a family dedicated to farming and agricultural education.

Walter Ralphs was heir to a fortune built on his grandfather's supermarket chain. One of his investments was Prather Ranch, which he had owned for 16 years and was bleeding cash. After Jim visited the ranch in 1979 on a cattle-buying trip, Ralphs hired the couple to develop a plan for the operation—worth about \$3 million (£1,966,000) at the time, but saddled with \$1.5 (£1 million) million in debt—to become a solvent business without the infusion of large amounts of cash.

With \$250,000 (£164,000) of seed money in the ranch bank account to cover expenses and emergencies, the Rickerts began tightening the operation, introducing intensive rotational grazing practices, and focusing on breeding. They diversified cropping to include cereals, mint, and timothy hay, as well as the lucerne hay that was already being grown on ranch land.

Over three decades, the Rickerts received stock options, stock gifts and some salary that allowed them to build a 36% ownership stake in Prather Ranch.

Isolation is the biggest benefit

The Rickerts began to realize that the biggest strength of the Prather Ranch herd was its isolation. More important, no cows had been introduced to the herd since 1975; herd growth was achieved with their own cows and artificial insemination or ranch-raised bulls.

The closed herd concept was extremely appealing to a friend of the Rickerts' who worked in the medical device industry. He was seeking a trustworthy supplier of beef hides from which his company could source collagen, a protein used in plastic surgery.

In 1990, the Rickerts convened a panel of beef production experts to define the term "closed herd" and create protocols to maintain theirs. They also started on the path of meticulous animal tracking, far in excess of standard procedure in the U.S. The collagen buyer contracted them to supply hides, and a profitable niche in medical-grade cattle products was born.

Prather Ranch constructed its own, on-farm abattoir in 1995, built to meet the standards of a hospital operating theatre. Animal management, handling, and slaughter processes were codified with HACCP plans and exhaustive standard operating procedures (SOPs) developed with the help of a medical device industry consultant, says Mary.

With these unique capabilities, Prather Ranch attracted buyers for a wide range of other bovine materials that could be used in the medical/pharmaceutical industry, including bones, pituitary glands, pericardia and arteries. To help protect their investment in infrastructure and operating costs, the Rickerts negotiate contracts with medical material buyers that include guaranteed minimum purchases.

Shift to premium, branded beef

In a market terrified by food scares in the 1980s and '90s, the Rickerts used their meticulous production, geographic isolation and extensive animal tracking practices to carve out a niche selling beef to an upscale clientele willing to pay a substantial premium for assurances of food safety, humane animal care and high quality.

Beef sales today account for 35 percent of the ranch's revenues. Rather than ride the commodity beef price rollercoaster, the Rickerts set a price for their meat based on production costs, profit goals and a sense of what the market will bear. The strategy provides stability, says Jim.

"At the high beef prices we've had recently, there was a period of time we got a little less than commercial beef," he notes. "But in the 20 years we've been doing this, we've never gone down in price. Where this shows best for us is not in the peaks, but in the valleys."

Barriers to success

Though the Rickerts make success look easy, they face a challenge that plagues many agricultural operations. Rising land values absorb gains in revenues, so returns on assets perpetually appear to hover around 3 percent. As Prather Ranch seeks outside capital to expand, such figures could discourage investors, many of whom think quarterly and want businesses to generate more cash.

Jim also points out that the medical device industry is currently more interested in synthetic products than biologically derived ones, so Prather Ranch's growth in that sector is likely to be slower than before.

The Rickerts as people

Rarely do more than a few minutes pass in conversation with the Rickerts before one of them brings up service to the community. It's a passion for them, and the focus of countless numbers of their volunteer hours and charity dollars. The Prather Ranch Community Foundation has donated more than \$500,000 (£328,000) to a wide range of community efforts, and Mary Rickert has created her own educational fund.

"I came from a family of real do-gooders," says Mary. "I need to continue that family legacy, to leave the world a better place."

The communities in which the Rickerts work need all the help they can get. They're tiny, isolated (most are hundreds of kilometers from cities of 100,000 or more), and poor. The couple starts community-building efforts by working to build well-paying, year-round employment for as many staff people as possible, adding beef, cash bonuses, medical plans and retirement accounts to the package.

Even the wildlife on the ranch enjoys the Rickerts' largesse and creativity. Prather Ranch watering trough pumps run all summer, even in pastures without cattle,



helping sustain local herds of deer and antelope. Watering holes are equipped with ramps to allow wildlife to climb out if they fall in.

Jim says he and Mary just don't have the drive to amass playthings. He tells a story about Mary. They had received a substantial payout from the development of new medical devices, and Jim asked Mary what sort of treat she wanted—something fun and frivolous. She thought a moment about a car that had caught her eye the week before, and made her decision: a new squeeze chute.

Jim laughs, and Mary looks at her feet. "A Jaguar," she says. "What would you do with it?"

What's next?

At an age when many people slow down, play more golf, and move to the seaside, Jim and Mary Rickert show little interest in leaving ranching. However, they are actively looking for investors with the patience and long-term vision to help build Prather Ranch, and for young managers who can become increasingly active in learning how to scale the operation up to meet more demand.

One thing that does not seem to be in the future for the Rickerts is a traditional retirement. "My idea of retirement," says Jim, "is to do the more-fun parts and not the un-fun parts."



Advice for others:

1. Be sure plan for your personal retirement, by establishing retirement assets that are separate from the business.
2. Realise that you must have a full commitment to the business and your vision. It is a lifestyle—not a career path.
3. Have a passion for your endeavour—without the passion it will be difficult to implement.
4. Be sure that those that work on the operation feel a part of a team and valued.
5. Plan for the unexpected and anticipate that things won't always go as you had planned. Make lemonade out of lemons.
6. Maintain a positive and optimistic attitude and be sure you persevere. It is easy to get frustrated and give up, but you need to persevere.

C.7

REQUIREMENTS OF ENTREPRENEURSHIP

On deciding to become an entrepreneurial farmer, what is needed to achieve it? Chapter 5 examined the traits of entrepreneurs which is by far the most important thing, but some other elements are required too. This chapter examines them.

7.1 INNOVATIVE IDEA(S)

Entrepreneurialism requires a change so involves having an idea. Only one is necessary, but it has to be innovative and provide a clear direction of how to move the business forward. How do you get the idea in the first place? Some people are seemingly brimming with good ideas, creative and imaginative people who can see clarity through chaos, opportunities through problems and ideas that might have a value within them. So if you aren't that kind of person, do you just give up the idea? We say not.

"Success is 1% inspiration and 99% perspiration."

Thomas Edison

Thomas Edison's famous quote identifies that the idea is merely a tiny part of the success of an entrepreneurial enterprise and the rest is down to hard work, determination and a clear commercial mind. So not having an idea is an overused alibi.

Many ideas are not actually new. They might have been borrowed from another sector or literally copied in a similar format. This study certainly doesn't encourage copying something that is patented, but to take a business model or idea from one business sector and plant it into yours could help grow the business. For example, Uber, the online taxi ordering form (and soon to be most other kinds of logistics), is modelled on the online shopping concept. Uber is now going the other way and bringing other kinds of logistics into its own model, doing within-the-hour deliveries in key cities, something that Amazon is now also doing in London.

So ideas often come from observing other people's businesses, talking with them, reading journals, and so on. Engaging with people in and throughout the farming sector and other business disciplines is a great way to share ideas, some of which you might be in a better position to develop than others. There's a great advert for the OFC! It's also another benefit of discussion and benchmarking groups.

Indeed, you only need one idea to develop an entrepreneurial venture. But you need ample determination and proactivity to make it happen and persistence to see it to completion. In the process, opportunity begets opportunity. If you make a change to the business, it could easily lead to something else, possibly of greater opportunity. It will get you noticed.

Albert Wada farms in Idaho State. He is the son of Japanese-American immigrants who rented 130 acres in 1943 during World War II. Since 1972, he has gradually built his 400 acre potato business to 30,000 acres today - not just by being a good farmer, but by always staying on the cutting edge of new ideas, creating big opportunities in the packaging and marketing sector. Albert and his family have always been truly focussed on delivering the highest quality produce. This has led to opportunity, growing markets and the critical mass to do other things.

Today, he and his sons are packing potatoes in plastic bags made from potato starch, an entrepreneurial innovation and great complement to their position as sustainable producers. Wada Farms has also innovated other consumer-friendly packaging, including individually wrapped russets ready for cooking and microwaveable bags, all transported by the farm's substantial haulage fleet. Albert also helped create United Potato Growers, a farmer-owned supply management co-operative. Albert had one idea, to grow potatoes very well. It led to all sort of opportunities that grew his business.

(Images at www.wadafarms.com/our-story/)

Look for ways to add value to other peoples' lives. This is the key way to add value to your own. In a free market, a trade is a willing exchange between two people both of who consider they will be better off for it. Only when you can improve another person's business or life, will your own be improved. It is through this service to others through 'self-interest' that the so called 'invisible hand' of spontaneous order so well described by Adam Smith is generated; organisation through self-improvement generated from giving others something they value more than you do.

“ Agriculture appears to have adversaries that are as creative at attacking production agriculture, as agricultural leaders are at responding to such attacks.

7.2 RESOURCES

As already noted when we defined entrepreneurship in Section 2.2, the level of success is not proportional to the resources available, and indeed, true entrepreneurs set out to achieve something irrespective of the resources to hand. But the comment in the definition about resources refers to physical and financial resources; the bank balance and the physical assets such as land and machinery. Truly entrepreneurial business people have skills and character traits (see section 5.2), influence and knowledge as well as a network of contacts and other strengths that supports their mission. These are so often worth far more than the physical assets held on a balance sheet. Resources required for entrepreneurialism can be categorised into three groups;

1. Financial capital (money and things that can be bought with it);
2. Human capital (labour and the skills that the labour has);
3. Social capital (connections, influence and contacts).

These three things can be exchanged for each other, and in many cases, one can be used in place of another. Labour and skills can be bought, and social capital, can be more powerful than money too when used correctly: When Richard Branson set up his first music shop in Oxford Street in London at the age of 22, it was rent free above a shoe shop as he persuaded the owner it would attract additional custom to their shop. That demonstrates social capital taking the place of the more conventional financial capital normally used to rent retail space.

Human capital, the strengths that the staff and workforce bring to the business is critical for growth. Small enterprises can be undertaken solely or as a family, but when businesses grow, then trusted and critical team players need to take responsibility for the success of various parts of the business.

Geoff Sayers places a considerable amount of importance in his staff, knowing he cannot operate five farms, a meat business, a fledgling dairy and the other activities on his own, let alone develop other initiatives. Reliable, well trained and committed staff are paramount to his success.

It might seem reasonable that the success of a new venture or entrepreneurial change to business practice would depend mostly on the skills of the management and labour-force (the human capital) or the financial resources that are thrown behind it (the financial capital). However, studies have identified that social capital, the connections with other local firms, the local knowledge and the familiarity that somebody build up from simply being somewhere and participating in the local economy is more powerful than either. Work in Denmark and Canada has demonstrated that business success rate is more dependent on local social capital than prior industry knowledge (Dahl & Sorenson, 2007). This is great for the farming community as it is exceptionally well connected in rural UK.

7.3 INFORMATION

Information is everywhere but that makes it more difficult to know how to find that which you need. Information steers our decision making. It will therefore be crucial to all entrepreneurial activities, whether that is helping to create the idea and vision of the enterprise, or finding the resources required or the market research on the output for examples. But there are some questions to address about it:

1. Do you have the right information?
2. Do you know what information is required?
3. Is it too much information?
4. Is it apparent how best to use it?

There are over 6 billion Google searches every day. There is so much information available to everybody, so surely information availability should not be an issue to the nascent entrepreneur? Yet it has been suggested, that it was easier to find high quality information from the internet in its early days when there was but a fraction of sites and most of the information on it was from reliable sources. Now, a simple search for the answer to a problem throws up five million answers in a third of a second, often all different! Where is the evidence? Much of it is mis-information. The skills required to find the right information has therefore changed substantially in the last decade as millions of people want you to read their material. Furthermore, one has to question whether the information that is easily downloaded from the internet is necessarily the right information to operate your business ideas. Answers to the questions you have may well not be available online. In many cases, the problem might not be accessing the information, but knowing what information is required.

Having the capacity to use the relevant information increases when the vision of what to achieve is clear and the answers can be sought. The information can then be provided, whether that is announcing that a solution to a problem is available or that they have a problem in the first place (this is creating a need for a product that can solve that need). So information is not sufficient, it is the ability to use that information that changes the world.

Effective entrepreneurs have a tendency to use social capital in exchange for information. Steve Jobs (former CEO of Apple) used to spend a lot of time with people who were at the cutting edge of technology. He knew who to call on when he needed some information or help.

7.4 THE CLUSTER EFFECT ON ENTREPRENEURIALISM

A paper in 2011 (Roomi & Harrison, 2011) observes a high variability across the country in conceptualising entrepreneurship and leadership. This suggests that there are pockets of individuals who are focussed more on these two issues. Burns also identifies the geographical concentration of entrepreneurialism in clusters that may have naturally grouped or come together by design (Burns P., 2011). This, he points out, is known as the Innovative Milieu theory. It is based on information being critical to innovation and whilst large firms have a critical mass of research and development, smaller firms do it through networks. This collective learning which can be either formal and conscious (business clusters etc.) or informal when business types often centre together (such as finance in the City of London and high tech in Cambridge), accelerates and steers thinking in the sectors in each region.

The locality of farming is, of course, fairly ubiquitous in rural Britain, but do different regions have varying attitudes to business and in particular entrepreneurialism? This is difficult to demonstrate because higher levels of performance in some regions might be accounted for by better soil type, access to infrastructure and supply chain, historic field sizes and layout and so on. However, it could be partly because some regions are hives of more focussed management. Defra highlights that the one issue that determines good from poor farms is the management (Langton, 2011), which fits with this. This suggests that the entrepreneurial approach indeed does have some contagion that spreads between individuals. Empirical work is currently being undertaken to assess the entrepreneurialism of farms against their financial performance and preliminary results indicate a very strong correlation, initial analyses have been presented (Newbery, Roderick, & Robbins, 2015). Within this work, the geographical variation could also be explored.

7.5 LEARNING ENTREPRENEURIALISM AND LEADERSHIP

To quote Kempster and Cope, "naturalistic learning, which occurs through the milieu of contextual experience, is the dominant mechanism by which managers in larger firms develop their understanding of leadership". In other words, 'doing it' is the best way to learn. This is underscored on so many occasions (Roomi & Harrison, 2011) (Gladwell, 2008) (Levitt, List, & Syverson, 2012) (Weiss, 2013). The study continues, when it comes to smaller firms, the leaders, often the entrepreneurs themselves, don't see themselves as leaders as it is not a career-based trait. Instead, leadership is a means to an end and that end will be on delivering the satisfaction to the client at a profit. Leaders of smaller firms often then don't spend so much time rehearsing and learning 'leadership' in a formal manner.

Studies like (Kempster & Cope, undated) that examine how individuals consciously learn from others, identify that mistakes are more visible than good leadership. Learning what not to do is easier as it often hurts. Furthermore, when it comes to role models in leadership and entrepreneurialism, fathers are most often cited. This is relevant in the farming industry of course with so many family businesses, particularly with multiple generations operating at any time on one business.

The same publication points out that younger members of a business either see their fathers as role models or are motivated to outdo them!

As people realise the competitiveness of our industry is on the rise, there are more people in agriculture studying mature business degrees, in particular MBAs than ever before. Rural Leadership courses are rising in popularity and the numbers of students going to agricultural college, bearing in mind that the workforce in the industry is declining, is also increasing (Llewellyn, 2014). Yet, as the previous paragraph suggests, simply taking a course whether whilst young or mid-career is not sufficient. Putting these lessons to practice creates skills.

If agriculture needs to become more entrepreneurial, then agricultural students need to spend time exploring entrepreneurialism on the farm and graduate with an awareness of entrepreneurialism and eagerness to search for the opportunities. This might be already taking place because as has been noted by some, younger and better trained farmers tend to be more entrepreneurial (Diaz-Pichardo, Cantu-Gonzales, & Lopez-Hernandez, 2011), (Carter, 2003). Furthermore, a brief read through the prospectuses of several UK agricultural colleges reveals whilst some had several references to training of entrepreneurialism, others seemingly had none.

Whilst teaching skills is difficult, they can be improved through practice and cultivated by feeding with sound teaching and practice and inspiring young agriculturalists into trying new things. Some of our farm management course tutors are very inspirational leaders. It is not clear how much time is devoted to developing such skills. Demonstrations of what can be achieved through lateral thinking and proactivity, coupled with visiting speakers for example from industry and government who have achieved such things are always useful. Case studies focussed on entrepreneurialism and of course, practical events with either a Dragon's Den style or even modules encouraging entrepreneurialism in a safe way such as in a simulation with fake currencies might help to empower the emerging entrepreneurs and leaders of the future generation.



THE CARR FAMILY, CANTERBURY, NEW ZEALAND

By Andrew Swallow

Factfile

- ▶ Craig Carr is the eldest of four siblings whom, with parents Greg & Glenys, are the shareholders and directors of Carrfields today. Siblings are James, Ryan and Stacey. They all work in the business.
- ▶ Carrfields is a NZ\$200m-plus turnover New Zealand-based family business.
- ▶ In the past ten years sales have soared ten-fold through strategic investment and divestment.



Family and service central to Kiwi success story

While still farming, the Carr family from Canterbury, New Zealand, has built a multinational farm service, sales and seed export business.

The Business

Carrfields is a NZ\$200m-plus turnover New Zealand-based family business. In the past ten years sales have soared ten-fold through strategic investment and divestment, plus organic growth of its various divisions which include domestic farm machinery, irrigation, seed, contracting, livestock, wool and financial services. At its core are the family's dairy, arable and drystock farming operations.

"It keeps us well-grounded as we understand the challenges our farmer customers face and what the opportunities are," says managing director Craig Carr.

The farm business grew from 160ha in the 1980s to 600ha today, but it's now dwarfed by other divisions. Machinery, Irrigation and Automotive supply is about 40% of the

business, including brands Claas, JCB, and TL Irrigation Systems. Seed production and associated agronomy supplies is 25-30%, bolstered by the 2014 acquisition of the New Zealand arm of Australian rural services company, Elders New Zealand (Elders). Contracting, the business which Craig's father cut his teeth on, remains important as it profiles the equipment the business sells and helps keeps the family connected to farmer and contractor customers.

They also have interests in commercial property and JV partnerships in car and truck dealerships, and a honey/pollination business.

The Elders buy-out included a 50 per cent stake in a vertically integrated wool business, a sector Craig believes has a great future despite a tough past few decades. The other 50 per cent of the wool business is held by Primary Wool Co-operative – a farmer owned co-operative.

"At the grass roots are farmers who are passionate about wool. This is now partnered with an organisation like us that is passionate about adding value and investing in the future of New Zealand agriculture."

The past year has been one of consolidation following the Elders acquisition. Craig says the family is committed to growing the business while remaining a New Zealand family-owned company. Their ambition is to grow it to \$500m by 2020 and \$1 billion by 2025.



The People

Craig Carr is the eldest of four siblings whom, with parents Greg & Glenys, are the shareholders and directors of Carrfields today. They all work in the business.

Greg works in, and oversees, machinery, irrigation and automotive and is supported by James, the youngest son, who runs the contracting business day-to-day. Another brother, Ryan, has a passion for farming so looks after the farming business and more recently has been getting involved in the livestock industry. Sister Stacey works in the people and brand area.

"She can induct people into our business as an owner. I oversee the management of the entire group and the seed business group day-to-day," explains Craig.

Over the past year the Group has begun appointing general managers to look after operations and drive the businesses while working with the relevant family directors on strategy. The directors work hard at maintaining supplier and customer contact, ensuring the family's service values which the business is built on, remain intact.

Besides family, the board includes four outside directors. Craig says establishing a governance structure – informal from 2004 and more formal from 2012 – was a key factor in taking the business to the next level. Formal board meetings are held bi-monthly with a family-only review, which includes mother Glenys, once or twice a year.

Craig's acutely aware of the challenges intergenerational family businesses can

present and with four children under seven, plus nieces and nephews, the family is already thinking about the next generation.

"It's all about successful transfer of relationships. Our job is to train them... how Dad & Mum taught us. We learnt to work hard and Mum and Dad never hid anything from us; they allowed us to work in the business; they gave us autonomy to learn and make mistakes."

Craig is also very focussed on staff and says the hardest part of building and selling a successful business (see Journey) is losing good people. In 2010 his sister Stacey returned from a 10-year international hockey career to work in the business and now looks after people and brand. Working part time, she's supporting HR and marketing managers following the 2014 acquisition of Elders which took the payroll from 150 to 450 overnight. Within a year Craig and the family had met all but a handful of them.

"Developing our people within a business is not easy because you have to have a certain scale. I believe we've got that scale now. We've got great people today and we need to develop new skills and expertise to face the challenges of tomorrow."

The Journey

Craig Carr's father, Greg, started carting small bales of hay in the 1970s and was one of the first New Zealanders to introduce round and large square balers. It helped finance his first farm, from which he kept building the contracting business despite desperately tough times in New Zealand farming following deregulation in the mid-1980s.

Struggling to get on-time service for his contracting business, he bought a service station, and subsequently a machinery dealership, extending his service philosophy as a successful contractor to those businesses.

A seed processing business neighbouring the machinery dealership in Ashburton was bought in 1995 with a view to warehousing the contracting business, moving it from their home yard. Greg talked eldest son Craig into a year off before university to work in the seed plant to see if it could be revamped. It was, and Craig forgot about uni, building a successful, service driven seed processing business introducing sector-leading systems and communication instead.

In 2000 a feed mill offering similar opportunity for reinvestment and growth was bought. New plant, processes and products saw the business boom on the back of rapid growth in dairying. Sale of the seed processing business in 2005 helped finance further investment in farms and new business operations.

By 2012, when the feed business was sold, it was doing 35,000t/year compared to a few hundred tonnes at acquisition. Meanwhile, on the Carrs' farms, middle brother Ryan opened New Zealand's first commercial robotic milking farm in 2008 and the family became a distributor for Lely in the upper South Island.

In the late 2000's, with animal feed markets maturing and margins under pressure,



Craig was keen to get back into seed. A speculative call led to purchase of regional operator Canterbury Seed and the hard work of building the grower (supplier) and customer bases began. In 2012, vegetable seed brand and business Winseed was established and in 2014 Winseed India was launched.

In machinery, several more outlets have been added over the past decade and the dealership range streamlined to a Claas Harvest Centre following the German manufacturer's addition of tractors.

A cold call to Elders New Zealand, an agribusiness with national reach, resulted in its purchase in August 2014. In late 2014 an irrigation business was added, another important part of Carrfields' strategy to make farmer customers more productive and efficient, says Craig.

The future

Craig's growth plans for Carrfields are ambitious. By 2020 he wants it to be a \$500m turnover integrated agri-business in New Zealand, with exports adding value throughout. The 2014 Elders NZ acquisition brought national reach in farm input supply and farm output purchasing, including wool and livestock.

"In the wool business we take the wool from our wool growers, machine it into yarn, export it, as well as adding value through our carpet brand Just Shorn."

Seed is similarly vertically integrated: supplying inputs to arable farmers; managing the growing of the crop; processing the resulting seed; packing, marketing and distributing to New Zealand farmers and overseas wholesale and retail customers.

While product quality and innovation is important, Craig sees service and relationship management as what gives Carrfields an edge today, and for the future. The vision of the business is: 'products of integrity from our farms to your family.'

"We are dealing with family farmers and most of the people who eat our food and wear or use our products are families as well."

With sales to 40 nations now he ensures business is conducted according to customers' cultures. "Knowing how to say hello, thank you and 'cheers' in your customer's native tongue goes down well."

Similarly adopting local greetings which would make most New Zealanders feel uncomfortable, such as holding a customer's hand, or hugging, are seen as "just part of doing business."

When buying a new business, his focus is its people first, then customers and suppliers.

"In all the businesses we buy, they're relationship businesses. Seed, or machinery, or wool, or livestock, the fundamentals are much the same."

Lean manufacturing principles ensure systems are efficient and constantly improving with innovation continuing to come from collaboration with outside organisations, bringing new technologies to New Zealand farmers, he says.

'Take-homes' from Carrfields

1. Stay close to market and global trends;
2. Look for opportunities in overseas innovation and developments;
3. Embrace foreign cultures in international business;
4. Invest in constant on-job learning;
5. Value staff and customers like family;
6. Buy businesses with room to improve – enquire even if not for sale;
7. Initiate informal governance early – formalise as business grows.



C.9

WHEN ENTREPRENEURS BECOME LEADERS

9.1 IT RUBS OFF ~ ENTREPRENEURIAL LEADERSHIP

Entrepreneurialism and sound leadership are what make businesses great, they are what turn people into business icons and products into global brands. From history we see Henry Ford's vision to develop a car for the masses, to Thomas Edison's grit to identify multiple uses for electricity. Today, examples like Jeff Bezos' tunnel vision to build a simple trading platform flanked with a new level of customer service (Amazon) and Mark Zuckerberg's clarity on how to connect the world have touched everybody's life (Facebook). You don't need to be a Bezos or Zuckerberg to be an entrepreneur, but these extreme examples demonstrate the potential to everybody. Visionary entrepreneurs inevitably become business and industry leaders, providing the energy and motivation for people to achieve great things together. If your achievements are going to grow, you will inevitably need to involve other people. Leadership rather than technical expertise will be the determinant on your team's performance. Indeed, (Cotton, Shen, & Livne-Tarandach, 2011) identify that emotional support is overwhelmingly more important than the technical training they received.

Last year, this Oxford Farming Conference research paper (Redman, 2015) argued that several small changes simultaneously make big differences. The same is true with entrepreneurialism. J Wikland in 1999 identified that management style of the business leader is likely to encourage staff to think in the same way as the leader, therefore multiplying the impact of the behaviour. Entrepreneurialism is therefore contagious throughout a firm but only if demonstrated from the top. It is the overall business leader and manager that is responsible for fuelling or stifling this fire (Sansone, 2015). Entrepreneurial learning refers to the entrepreneur and the business as a whole. The more profitable firms in any sector have better trained staff and with lower staff turnover (Bessant, Phelps, & Adams, 2005). Management and leadership requirements change as the business changes too. For example, as a dairy farm grows from 100 cows to 500 cows, the manager has to learn the transition from managing cows to managing people.

Most organisations, even relatively small businesses involve more than one person. A small farm with one person still has a supply chain to work with, professionals and advisors, financiers, contractor and possibly harvest or lambing help and so on. Thus any organisation requires leadership. The more complex an organisation, or the faster it is moving, the stronger the leadership needs to be. The implication here is that entrepreneurial businesses will by definition be fast changing thereby requiring a strong leader. Leadership, whether considered as a key role or a means to an end has a purpose. A true leader of a business has a number of important roles to play;

- ▶ They have to know where to take the team and firm. Either by knowing the route or by reading a map, possibly both. It is impossible to lead without a direction and in this situation, either the team will wander in random directions, or another person will take over and garner influence over the team.
- ▶ Entrepreneurial leaders must absorb uncertainty (Chen, 2007). Their presence will infuse confidence into everybody participating.
- ▶ A strong leader will reassure somebody that their mission is still on track.
- ▶ They will raise the expectations of the individual, thereby allowing somebody to achieve more, possibly more than they thought they were capable of.
- ▶ They will bring the team together in that the correct skills and resources collaborate at the right time so the most is achieved with the fewest resources possible.
- ▶ Leaders are champions. They champion the purpose of the team, not only motivating the team to believe in their mission but also to raise interest in it from others such as a marketplace, galvanising support for the venture.
- ▶ An entrepreneur will spot an opportunity when most others do not. This means they have to define it in detail to the team he or she is leading.
- ▶ Leaders have to spot skills and talents within their teams. Intangible assets as well as technical skills.

To spot and step into a new enterprise, business model or whatever, the entrepreneur has to be bold enough to break the current mould. They will need to be able to inspire a marketplace to purchase their goods, engage the staff to produce and support it and others to back it. Inevitably, entrepreneurship therefore involves a considerable emphasis on leadership.



A lot of people have gone further than they thought they could because someone else thought they could.

Zig Ziglar

Character is as essential to a leader as oxygen is to life (Jordan, Buchanan, Clarke, & Jordan, 2013). Leadership is the act and process of inspiring others to participate in an endeavour or orientated in a specific direction and or to achieve a particular objective. It would be difficult without charisma. The most transformational leaders have strong characteristics:

- ▶ Higher level of organisational culture than most people;
- ▶ Higher level of emotional intelligence (Gardner & Stough 2002, cited in Yang 2008).

David Speller, the Derbyshire based poultry farmer, participated in the Rural Leadership Course run by the Institute of Agricultural Management. It changed his perception of himself from 'business manager' to 'people leader'. At the time he had 25 staff, a figure which has now doubled. Without actively leading his team, he states he would not have been able to 'manage' that number of staff. Passing the day-to-day activities to others so he can concentrate on the people and the opportunities is what he sees as a natural way of progressing a successfully growing entrepreneurial firm. David is keen to encourage his staff to look for the innovation, to try new ideas and to learn through investigation. He is an entrepreneurial leader.

Paul Burns, identifies two key types of leadership as transactional and transformational (Burns, 1978). The first is based on economic exchange between leader and others, and allotting administrative tasks to be done. Transformational leadership is more about meeting the emotional requirements of the leader and others to achieve both groups' motivations or to bring them together (Tarabishy, Solomon, Fernald, & Sashkin, 2005). Entrepreneurial leaders need to be transformational leaders, to inspire people to exceed what is required of them, to go out of their rut and spot new and better ways of doing things. Tarishby et al (2005) point out that firms with entrepreneurial stance and transformational leadership outperform other firms in dynamic markets. Management change and change management is required. The concept of a leader having a clear vision fits with the entrepreneurial traits already discussed. Knowing the direction of the firm allows the individuals to be more proactive to achieve the common goal, see the purpose of innovation and take calculated risks.

“ There were ten birds sitting on a fence and four decided to fly away leaving nine birds. Three birds made a decision but did not follow through and make it happen. The one that did is the entrepreneur. If that bird then persuaded the other 3 or more to fly, then it is a leader.

Gavin Oattes



Leadership promotes and provokes new initiatives, gathers consensus and support, leads to an organisational consensus and to a sustained result. Leadership is motivating people to follow somebody in a specific direction. It is much more than management. Many people become manager then leaders because they do their technical work well. Certainly, to gain respect it is more convincing to have the ability to do the work from the ground up, but not essential. However, leadership involves a different skill set to technical work. Management is 'how to' whilst leadership is 'focussing effort'.

Clearly, strong leadership is therefore needed in an entrepreneurial business with ever-changing events. However, a member of staff has two extremes of effort, the lowest being that which their conscience permits in exchange for a day's wage. For some this is almost nothing, for other is it quite high. However, without fail, if somebody recognises their purpose in a mission then they will undoubtedly give more effort to achieve that. Roomi and Harrison in 2011 refer to the "ability to evoke extraordinary effort". This can be achieved by giving somebody purpose in themselves, clarity of view of their role in achieving a common goal and a belief they can achieve more than they themselves think possible. It is not achieved through coercion.

Whilst leadership is a necessary part of entrepreneurship, the corollary (entrepreneurship being part of leadership) is not necessarily true. This is because entrepreneurship is defined by the outcome rather than the actions whereas leadership is defined as a process.

“If you try and lose then it isn't your fault. But if you don't try and we lose, then it's all your fault.”

Orson Scott Card, *Ender's Game*

9.2 BUSINESS PIONEERS AS INDUSTRY LEADERS

Individuals that become successful in an industry are often looked to as taking on industry leadership roles, through their own success, respect they command and of the skills they demonstrate to build a business. This leaves both responsibility and opportunity for the individual to develop that role and create value for the good of the industry or potentially even wider.

Peter Hannam is a soybean farmer from Guelph, Ontario in Canada. He has been instrumental in leading the development of soybeans as a major crop in Ontario and Canada since the 1960's. Peter has demonstrated an ability to spot and seize opportunities throughout his career, leading the industry throughout, with a firm belief that good research is essential for industry development.

On becoming President of First Line Seeds, a partnership of seed growers, he introduced high quality, certified seed and new genetics to Ontario soybean growers. Under his watch, First Line Seeds created new markets for growers with the development of identity preserved (IP) soya along with foreign niche markets for food grade soybeans. This was long before IP was a big issue in food supply chains.

First Line Seeds also instigated Project SOY to encourage new opportunities through soybeans for young entrepreneurs and Soy 20/20, an initiative to nurture new innovations in soybeans. It connected government, academia and industry, stimulating global bioscience opportunities for Canadian soybeans. Peter Hannam then created a Soybean Utilization Fund to kindle innovative research in soybeans uses. Biofibre products for the car industry and the incorporation of soybean nutrients into processed foods have been some of the results.

Peter Hannam's entrepreneurial leadership is also demonstrated by his fostering a new talent base through mentorship. Scores of new business opportunities have consequently been created in the province and across Canada. Peter was influential to the opening of a new AgriCentre in Guelph in 2005, housing nearly 20 agriculture-based tenants in a bid to bring the diverse industry together and to stimulate opportunities from collaboration.

Over a lifetime, Peter has shown inspirational leadership in the Canadian Seed Trade Association, the Canadian Soybean Export Association, the Ontario Agricultural College International Advisory Council, the Canadian Agri-Food Policy Institute and as President of the Ontario Federation of Agriculture. He has received scores of awards for his achievements, and can be proud of leading others to achievement as well.

www.alumni.uoguelph.ca/stay/stay_profile_hannam.shtml

Agriculture appears to have adversaries that are at least as creative at attacking production agriculture, as agricultural leaders are at responding to such comments (Jordan, Buchannan, Clarke, & Jordan, 2013). This includes lobby groups with a strong ethical position but less than robust understanding of the practicalities of feeding 7 billion people. Thus, farming needs strong characters to discuss the charges that are placed against the sector, whilst managing to share other people's viewpoint (Kahan, 2012). Several successful farmer entrepreneurs have stepped into this role.



9.3 MORAL LEADERSHIP

With authority comes responsibility. People in positions of authority find themselves responsible for the income of their team, the welfare of the goods supplied to the marketplace and also, in some respects as spokespersons for the industry they represent. Industry leaders take on or are obliged to accept a moral leadership role. The farming industry has a duty to ensure food for everybody, the industry has a responsibility to lead on big challenges such as animal welfare, genetically modified food and other moral dilemmas.

Andrew Ward, Lincolnshire arable farmer already mentioned, was encouraged by a friend to take an industry leadership role following participation in a rural leadership course by the Institute of Agricultural Management. The course, he says, was the key to consciously opening leadership from within him. However, talking about how he manages the farm, leadership is a strength that has been there for most of his life from the times his father worked him just like all the other staff; no perks for being the boss's son!

Taking three weeks out of his business to explore leadership in a detailed and focussed manner gave him the insights to make a difference to the broader agricultural society, improving his, and crucially, other people's lives. Andrew actively recognised his moral responsibility as an industry leader.

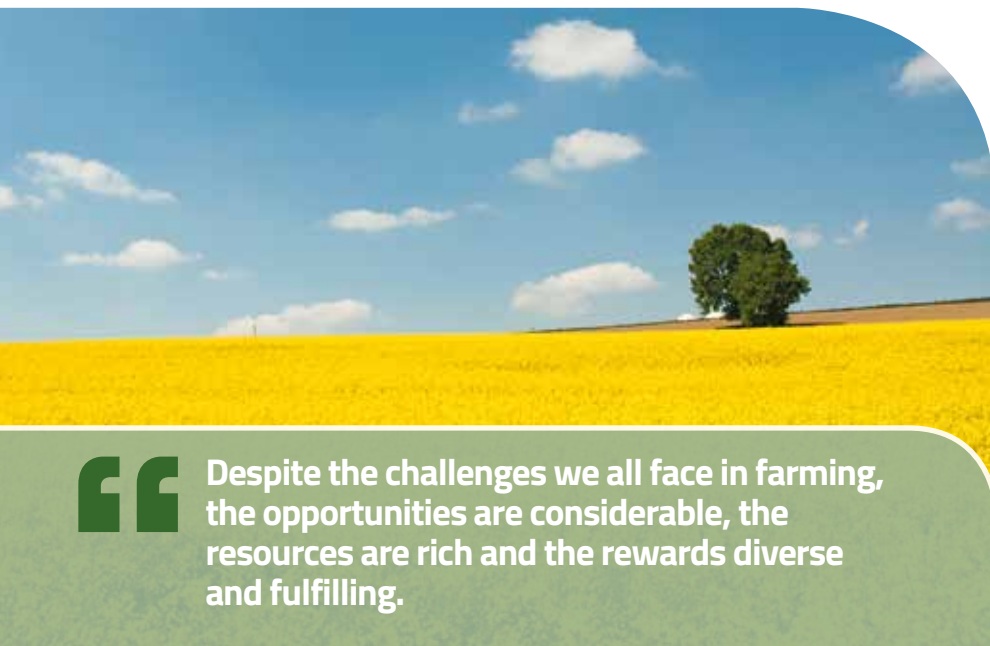
The devastating images of the suffering animals in the awful snow of 2013 moved him into action. He set up a charity, Forage Aid, to help others in need, engaging the support of hundreds of interested people. He appointed five farmers and executives of several large agricultural and food retail organisations as trustees. His relationships with Bailey Trailers and JCB were useful to have vehicles and trailers on standby to gather and take forage when it was needed. He created the necessary

infrastructure and procedures required to run a charity and garnered sufficient support to finance and operate it. In three paragraphs, the process of setting up a charity sounds straightforward but it is complicated and time consuming. Forage Aid was put into action to alleviate the impact of the floods of early 2014. Andrew has since been awarded an MBE for his services to agriculture because of creating the Forage Aid charity.

Wilfred Emmanuel Jones, *The Black Farmer*, believes that all brands have a responsibility to society. He gives opportunity to urban youths by bringing them into his world and demonstrating the countryside to them via his Rural Scholarship.

9.4 ENTREPRENEURS AND LEADERS, THE INTERSECTION

The traits of effective leaders and entrepreneurs have long been identified as being similar in many respects. In fact unless the entrepreneur is doing something very small involving only him or herself, then leadership becomes a necessary part of entrepreneurialism. Furthermore, the one thing that creates an entrepreneur is the same as what creates a leader; this is the vision to be somewhere different. Without a clear sight of what somebody believes can be achieved, there is no direction in somebodies travel and therefore no leadership possible and entrepreneurialism expires at once. The following table summarises the traits required to be a leader versus those needed to be an effective entrepreneur. It is based on the work by (Roomi & Harrison, 2011) and some other references included.



“ Despite the challenges we all face in farming, the opportunities are considerable, the resources are rich and the rewards diverse and fulfilling.

Leader	Entrepreneur
Vision required of where to lead the followers	Vision required of what to create, it is described as the cornerstone of the entrepreneurial architecture (Burns, 2005)
Creativity to see an end point and an ability to create a mental pathway (Sashkin & Rosenbach, 1998)	Ability to create a marketable product and to build a work process to achieve it. Clearly create the image of success in your mind and you are more likely to achieve something (Hill, 1937)
Need to influence followers	Need to influence people to support the activity
Excellent communication skills. And at an emotional level to capture the purpose of the mission.	Excellent communication skills. And at an emotional level to capture the understanding of the value of opportunities.
Need to plan the mission	Need to plan the business / organisation
Risk taking, prepared to risk people not following them	Prepared to risk capital (human, financial or social)
Problem solving, overcoming barriers	Problem solving, overcoming barriers
Decisiveness, clarity of mind to stick with decisions	Decisiveness, clarity of mind to stick with decisions and remain determined to follow something through
Initiative, the trait to get up and do something.	Initiative, the trait to get up and do something.
Accept responsibility when errors are made	Take the liability for errors and learn from them.
	Exploiting opportunity

Many of these are also cited and discussed in (Fernald, Solomon, & Tarabishy, 2005) and referenced in (Roomi & Harrison, 2011). In some respects, it is actually more illuminating to identify the differences between a leader and an entrepreneur, as this is ultimately in the project rather than the individual.



CONCLUSIONS

Farming is moving into a new era of lower direct subsidies, possibly more volatile and more challenging market conditions. This paper is based on the thesis that long term competitiveness of agriculture is likely to continue to be increasingly challenging. If you believe that commodity prices will return to high levels in the short term and remain there for the long term, then stay average and good luck. But it is pointless doing the same thing over and over again and expecting different results. This paper has demonstrated that farming is less entrepreneurial than many other business sectors and identified evidence that shows that more entrepreneurial farms are more profitable. This should become recognised throughout the industry, from the colleges to the farm. Young people entering farming should be encouraged to think entrepreneurially, through a focus at college as well as through practice. There are lessons to learn. If you can feel the winds of change blowing, then it is time to build a windmill, to create rather than be destructed, and continue working to grow and develop.

1. Look for ways to add value to other peoples' lives and businesses. This is the key to add value to your own. Why? Free trade assumes both parties in a deal expect to be better off from it.
2. Engage with farm and businesspeople to help act as a catalyst for ideas and opportunity.
3. A farm is proven in this paper to be an excellent place from which to build an entrepreneurial business, whether diversified or remaining brutally focussed on commodity agriculture. The farm offers opportunities to build entrepreneurial ideas into new areas of business.
4. Create opportunities for yourselves rather than wait for them to arrive as the best opportunities are never given away.
5. Implement ways to make fuller use of resources throughout the year, capital, social and human resources alike.
6. Be prepared to test new ideas, they might not all work but they won't stand a chance without the proactivity and persistence to find out.

The process is continual and doesn't stop. The treadmill is now on an incline and going faster than before. Yet, despite the challenges we all face in farming, the opportunities are considerable, the resources are rich and the rewards diverse and fulfilling.

The most critical criteria to a successful entrepreneurial business barely mentioned in this study is to enjoy the ride. Farming and entrepreneurialism alike are a journey and not the destination so appreciating the industry and what it offers is critical to success.

Good luck, because there is such a thing; but don't build your business on it.

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