



AEC 4905- Business and Industry Leadership in Agriculture

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Office Hours

Please e-mail up to 48 hours in advance of your office visit. We will be as accommodating as possible for your schedule as well as ours.

Class Meets

TBA

Course Description:

Function and use of leadership concepts in relation to developing leadership skills in agriculture based on current industry and business leaders. *Prerequisites: ECO2014 & AEC3414*

Business and Industry Leadership in Agriculture is designed to help you recognize leadership in your field of study. The diverse agriculture industry has been successful through decades of trials and tribulations because of the industry and business leaders who set positive examples with their business and industry decisions. This course will help you to conceptualize the basic leadership concepts through modern day industry leaders. The professionals will illustrate for you how their production or industry functions and the reasons for their leadership success in their respective area in agriculture.

Course Objectives:

1. Review leadership concepts, theories and models,
2. Analyze leadership abilities and business practices of modern industry professionals,
3. Develop a concise understanding of production methods for key areas in agriculture, and
4. Demonstrate the diversity of leadership characteristics learned from industry leaders in your life.

Course Textbook(s):

Jordan, J. P., Clarke, N. P., Buchanan, G. A., & Jordan, K. C. (2013). *Leadership in Agriculture: Case Studies for a New Generation*. Texas A&M University Press.

Additional readings will be distributed in class.

E-mail

Students are **REQUIRED** to be able to send and receive e-mail. Your UF e-mail and E-learning e-mail will both be utilized to contact you. Additionally, you may contact us by phone or e-mail. Please note that it may take up to 24-hours to receive a response.

Grading

Please be prepared now to work on individual and team activities. Leadership contains both components, therefore this course will as well. Every member of the team must pull their weight on all assignments. At the completion of your teamwork assignments, each group member will submit a log of your efforts and your teammates' efforts in the assignment.

Grading Scale

A = 940-1000
 A- = 900-939
 B+ = 870-899
 B = 840-869
 B- = 800-839
 C+ = 770-799
 C = 740-769
 C- = 700-739
 D+ = 670-699
 D = 640-669
 D- = 600-639
 E = 599 and below

Assignments (Individual Assignment* Teamwork Assignment**)

| | |
|--|--------------------|
| *Leadership Discovery Statement..... | 50 points |
| **Commodity Report/Briefing..... | 100 points |
| *Industry Leader Reflection Paper (10 X 40)..... | 400 points |
| *Exams (2 X 100)..... | 200 points |
| **Business & Industry Leadership Success Presentation..... | 200 points |
| *Classroom Participation/Responses..... | 50 points |
| | 1000 points |

Leadership Discovery Statement- Students will utilize three online leadership evaluations to determine their leadership style and leadership characteristics. Students will generate a two-page statement of their leadership discovery results, as well as how they could utilize this information in a career in agriculture. Provide specific results from each tests, as well as specific examples of how the leadership trait/style could benefit a future business and industry within agriculture. Be Creative and Have Fun!

Commodity Report/Briefing- Students will work in pairs to create an information and fact-filled report for the other students in the course on a specific industry or business in agriculture, reflective of that week's commodity topic. The report will be turned in to the instructor to be posted on E-Learning for students to view prior to the lecture. The topic will be assigned to the group the first week of the course. The report must include: history, revenue, key figures, special varieties, and anything that you believe is important and interesting about the specific commodity or industry. This report will be delivered to every student prior to the commodity leader presentation. Due dates will vary based on the date of the Commodity Leader presentation. Please make sure to cite your facts and information. Topics include: Strawberries, Cattle, Citrus, Sugarcane, Aquaculture, Broilers & Eggs, Forestry, Dairy, Greenhouse/Nursery, Peanuts, and Tomatoes.

Industry Leader Presentation Reflection- Following each Business and Industry Leader presentation, students will submit a one-page, single-spaced reflection paper on what they learned from the presentation. Specifically, seek to answer the following questions:

1. What type of leadership style did this individual utilize? Was their more than one used?
2. What made this individual a success in their sector of agriculture?
3. What challenges were faced in their years of leadership?
4. What types of traits does this individual have that make him/her a good leader?
5. What was notable about his/her business or commodity?

Business & Industry Leadership Success Presentation- Three-four students will be assigned per group to create a presentation on 3-4 (depending on # of group members) diverse businesses or commodity group industry leader in agriculture that have not been previously covered (i.e. John Deere, Wheat, Monsanto, Watermelon, Pork). Students will research the business or commodity group industry leader to determine their leadership skills as well as their success story in their particular area of agriculture. As a group, combine the information into a PowerPoint or other informative method of presenting information. Reference the assignment rubric for specific details to include in the presentation.

Classroom Participation and Responses- Students will need to participate in the WEEKLY classroom activities. Participation needs to be in the form of informative feedback or reflection. Additionally, the Commodity Reports will be posted for students to review and comment on. Students must comment on every report posted.

Assignment Submission

All assignments will be submitted in TWO formats: 1.) In class and 2.) Attached in an e-mail and sent to enessmith@ufl.edu. Make sure to submit the assignments on both locations. This is a safeguard to you in not having a late or missing assignment. You will receive notice within 24 hours that your assignment was received via e-mail.

Assignments are due by 11:55 p.m. on the due date. All assignments submitted after that time will be considered late and will be graded accordingly. Technical difficulties will not be acceptable excuses for late work.

Late Assignments Policy

Assignments are due before 11:55 p.m. on the respective due dates. Technical difficulties will NOT be an excuse, so plan to submit earlier, like a day early! An assignment submitted after this time will receive a 10% deduction per day up to three days for late assignments. After three days from the assigned due date, the assignment will not be accepted. If the assignment is due on a Friday, you lose 10% for turning it in on Saturday, 20% for Sunday, and 30% for Monday, which would be the last day to submit. This policy applies to all major assignments.

- The only exception is if you have a university excused absence and you MUST provide official documentation to your teacher within 3 days.

Make-up Exams and Assignments

Make-up work should be arranged prior to the expected absence. In case of emergencies, arrangements for completing make-up exams or assignments should be made upon return to class. Normally, all make-up work will be completed within one week of its original due date.

Expectations for Writing

In all courses in the Department of Agricultural Education and Communication's Communication and Leadership Development (CLD) specialization, the following writing standards are expected to be followed, unless otherwise specified for a particular writing assignment. Not following these writing standards will result in substantially lower grades on writing assignments.

- Proper grammar and punctuation are mandatory.
- Proper sentence structure is required. This means...
 - Not using "tweet-talk" in your assignments.
 - Making sure that your sentences have a subject, verb, and (when needed) an object.
 - Not having sentence fragments.
 - And anything else that would pertain to "proper sentence structure."
- No use of first person (I, me, my, mine, our) unless denoted within the assignment rubric.
- NO use of contractions.
- Good thoughts/content throughout the writing assignment.
- For assignments that require citations, use American Psychological Association style. Proper APA citation and reference document is expected.
- For assignments that are more reporter-style articles (news stories, news releases, public relations writing), you are expected to follow Associated Press Style, as discussed in AEC 4031.

Academic Honesty

As a result of completing the registration form at the University of Florida, every student has signed the following statement: "I understand that the University of Florida expects its students to be honest in all their academic pursuits. I agree to adhere to this commitment to academic honesty and understand that my failure to comply with this commitment may result in disciplinary action up to and including expulsion from the University." An academic honesty offense is defined as the act of lying, cheating, or stealing academic information so that one gains academic advantage. As a University of Florida student, one is expected to neither commit nor assist another in committing an academic honesty violation. Additionally, it is the student's duty to report observed academic honesty violations. Violations of academic honesty will be addressed per university guidelines.

Special Assistance

Students requesting classroom accommodation must first register with the Dean of Students Office. That office will provide documentation to the student who must then provide this documentation to the instructor when requesting accommodation.

UF Counseling Services

Resources are available on-campus for learners having personal problems or lacking clear career and academic goals, which interfere with their academic performance. These resources include:

1. University Counseling Center, 301 Peabody Hall, 392-1575, personal counseling; 2. Learner Mental Health, Learner Health Care Center, 392-1161, personal counseling; 3. Center for Sexual Assault/Abuse Recovery and Education, Learner Health Care Center, 392-1161, X231, sexual counseling; and 4. Career Resource Center, Reitz Union; 392-1601, career development assistance and counseling. Software Use All faculty, staff, and learners of the University are required and expected to obey the laws and legal agreements governing software use. Failure to do so can lead to monetary damages and/or criminal penalties for the individual violator. Because such violations are also against University policies and rules, disciplinary action will be taken as appropriate.

| Week | Topic | Readings | Assignments Due |
|--|---|--|---|
| 1 | 1. Course Introduction 2. What is Business Leadership? | 1. Syllabus 2. Leadership Theory Handout | |
| **Week 1 Objectives: 1. define leadership and business leadership 2. identify elected leaders in agriculture 3. examine a brief history of the US agriculture system 4. review important terms in industry, business and leadership | | | |
| 2 | 1. Leading with Character/ Quality Assurance In Business 2. Industry Representative: Gary Wishnaski- Wish Farms (Strawberries) | READ CHAPTER 4 | Leadership Discovery Statement Team Assignment: Commodity Briefing <u>Strawberries</u> |
| **Week 2 Objectives: 1. identify positive and negative qualities of <i>character</i> 2. discuss ways to develop appropriate and desirable character traits, values, and virtues 3. recognize character traits from industry spotlight 4. describe the correlation between character, leadership skills, and success 5. explain the need for quality assurance programs in agriculture 6. identify quality assurance programs in local agriculture markets | | | |
| 3 | 1. Delegative Leadership/ Collective Voice of an Industry 2. Industry Representative: John Hoblick, Florida Farm Bureau | READ CHAPTER 6 Supplemental Reading- Policy formation and Delegative Leadership | Industry Leader Reflection Paper- Gary Wishnaski |
| **Week 3 Objectives: 1. define Delegative Leadership 2. identify ways to develop and apply the delegative leadership style 3. review the steps in policy development and implementation 4. describe current industry policies and recently adopted laws | | | |
| 4 | 1. Adaptive Leadership/ Product and By-product Production 2. Industry Representative: Lynetta Griner, Usher Land & Timber, Inc. (Forestry) | READ CHAPTER 3 Supplement Reading- The Practice of Adaptive Leadership | Industry Leader Reflection Paper- John Hoblick Team Assignment: Commodity Briefing <u>Forestry</u> |
| **Week 4 Objectives: 1. determine traits of adaptive leadership 2. describe the characteristics of an adaptive leader 3. review the roles of women in agriculture and leadership 4. identify product and by-product production 5. describe the supply chain for product and by-product production in agriculture | | | |
| 5 | 1. Participative Leadership/ Business Cycles & Stewardship 2. Industry Representative: Dennis Carlton, Sr. (Cattle) | Supplement Reading- 1. Participative Leadership 2. Land Stewardship | Industry Leader Reflection Paper- Lynetta Griner Team Assignment: Commodity Briefing <u>Beef & Cow/Calf Operations</u> |
| **Week 5 Objectives: 1. evaluate the research methods behind participative leadership 2. identify the situations which participative leadership proves effective 3. implement Florida's Best Management Practices (BMPs) in a given situation 4. compare agriculture's role in conservation, preservation, and land management 5. explain why farmers and ranchers were the first stewards of the land | | | |

| | | | |
|---|--|--|---|
| 6 | 1. Transformational Leadership/ Land Grant Research CLASS TOUR OF THE GCREC RESEARCH STATION IN BALM, FL | READ CHAPTER 8 Appendix A- The Land- Grant System | Industry Leader Reflection Paper- Dennis Carlton, Sr. |
| **Week 6 Objectives: 1. review the history and research of transformational leadership from Burns and Bass 2. list the components of transformational leadership 3. identify contemporary transformational leaders in America 4. describe the history of the land grant system and the Morrill Act 5. review Florida's land grant mission, vision, and value statement | | | |
| 7 | 1. Team Leadership/ Co-Ops and Insurance 2. Industry Representative: Victor Story (Citrus) | Supplement Reading- 1. Team Leadership 2. USDA- Agricultural Marketing Cooperatives | Team Assignment: Commodity Briefing <u>Citrus</u> |
| **Week 7 Objectives: 1. define team leadership 2. identify key components and characteristics of team leadership 3. determine what defines effectiveness and success on a team 4. discuss the history of agriculture cooperatives 5. determine the advantages and disadvantages of business co-ops 6. identify important co-ops in Florida agriculture | | | |
| 8 | 1. EXAM 1 2. Leadership Success Presentations | | Industry Leader Reflection Paper- Victor Story |
| 9 | 1. Consultative Leadership/Working for the consumer and the industry 2. Industry Representative: Senator Wilton Simpson (Eggs) | Supplement Reading- 1. Consultative Leadership | Team Assignment: Commodity Briefing <u>Eggs</u> |
| **Week 9 Objectives: 1. review Bass' description of consultative leadership 2. describe the reasons for choosing this style of leadership 3. illustrate the choices a consultative leader makes to be successful 4. analyze agriculture's role in consumer marketing and education 5. determine how decisions are made for agriculture on a city, county, and state level | | | |
| 10 | 1. Environmental Leadership/ Return on Investments 2. Industry Representative: Carl Loop & David Loop (Nursery Op) | Supplement Reading- 1. Environmental Leadership | Industry Leader Reflection Paper- Sen. Wilton Simpson Team Assignment: Commodity Briefing <u>Nursery and Greenhouse Operations</u> |
| **Week 10 Objectives: 1. define culture in a workplace 2. determine why the culture and environment of a workplace is important 3. define investment, cost, returns, depreciation, appreciation 4. practice ROI utilizing industry specific examples 5. project ROI for industry specific examples | | | |

| | | | |
|---|---|---|---|
| 11 | 1. Leading with Love/ Consumer Advocacy and Education 2. Industry Representative: Dale McClellan (Dairy) | Supplement Reading- 1. Text from <i>Love Works: Seven Timeless Principles for Effective Leaders</i> | Industry Leader Reflection Paper- David Loop Team Assignment: Commodity Briefing Dairy |
| **Week 11 Objectives: 1. discuss the principles of leading with love including patience, kindness, trust, unselfishness, truthfulness, dedication, and forgiveness 2. identify styles of leadership that correlate to leading with love 3. apply principles to modern scenarios in agriculture 4. compare and contrast promotional marketing plans in agriculture (Florida OJ, BEEF, ChikFila) 5. explore consumer education programs and affiliated associations | | | |
| 12 | 1. Visionary Leadership/ international relations & imports and exports 2. Industry Representative: Marty Tanner, Aquaculture | Supplemental Reading- IFAS Publication: <i>FISHTALE</i> | Industry Leader Reflection Paper- Dale McClellan Team Assignment: Commodity Briefing Aquaculture |
| **Week 12 Objectives: 1. define the elements of visionary leadership 2. list examples of visionary leaders based on the learned elements and their contributions to business and industry 3. discuss how agriculture works on an international scale 4. explore companies with international sectors 5. define imports and exports, NAFTA, trade agreements, and tax laws 6. discuss the advantages and disadvantages of importation and exportation | | | |
| 13 | 1. Servant Leadership/ Extension's Role in Agribusiness 2. Industry Representative: Dr. Nick Place, Extension Director | Supplemental Reading- Servant Leadership- Robert Greenleaf | Industry Leader Reflection Paper- Marty Tanner |
| **Week 13 Objectives: 1. explore the history of servant leadership 2. list Robert Greenleaf's characteristics of servant leaders 3. define agribusiness 4. identify extension's role in agribusiness 5. identify key positions in extension that directly work with agribusiness locally 6. determine the key benefits to working with extension services | | | |
| 14 | Agriculture in Florida and North America: A Brief History and the Future for a leading industry in America | Supplemental Reading- 2012 Census of Agriculture Facts and Figures | Industry Leader Reflection Paper- Dr. Nick Place |
| **Week 14 Objectives: 1. discuss important facts and figures of Florida agriculture 2. create an impact chart of the state's leading industries 3. write a brief on leadership's impact on agriculture | | | |
| 15 | 1. Leadership Success Presentations 2. Leadership and Business in Agriculture Course Review | | |
| 16 | EXAM 2 | | |

****Weekly objectives will be removed in student distributed syllabus and included in the weekly PowerPoints**

An aerial photograph of a vast agricultural field, likely a vineyard, with rows of green crops stretching towards the horizon. The sky is a mix of orange, yellow, and pink, suggesting a sunset or sunrise. The overall image has a soft, slightly faded appearance.

AEC 4905:
Business and Industry
Leadership in Agriculture

Today's Objectives

Students will be able to:

1. define leadership and business leadership
2. examine a brief history of the US agriculture system
3. identify elected leaders in agriculture
4. review important terms in industry, business and leadership

What is Business Leadership in Agriculture?

- "Leadership rests not only upon ability, not only upon capacity; having the capacity to lead is not enough. The leader must be willing to use it. His leadership is then based on truth and character. There must be truth in the purpose and will power in the character."
--Vince Lombardi
- Uses strategy and character together to influence change and progress
- Uses a combination of styles in order to be successful in the changing industry
- Different levels of leadership depending on the sector of the industry (elected, ownership, appointed, board)

Leadership in Agriculture

- According to our text, “Each evolutionary step in progression of agriculture called for critical leadership.”
- The hunter-gather system was not efficient for the growing population and therefore agricultural societies evolved
- Farming began when people intentionally saved and planted seeds from their favorite plants
- Domesticated animals, saving seed, cultivation, planting, and preservation were all initial suggestions that agriculture was used in developing societies

Leadership in Agriculture

- During its origination years, the U.S. was a largely agrarian society
- 1837- Henry Leavitt Ellsworth, the U.S. Commissioner of Patents known as “The Father of the Department of Agriculture,” began collecting seeds and plants to improve U.S. agriculture
- President Lincoln formally established the Department of Agriculture in May 1862 without cabinet representation
- In 1889, President Grover Cleveland signed a bill into law elevating the USDA to Cabinet level

Leadership in Agriculture

- Current U.S. Secretary of Agriculture- Thomas Vilsack

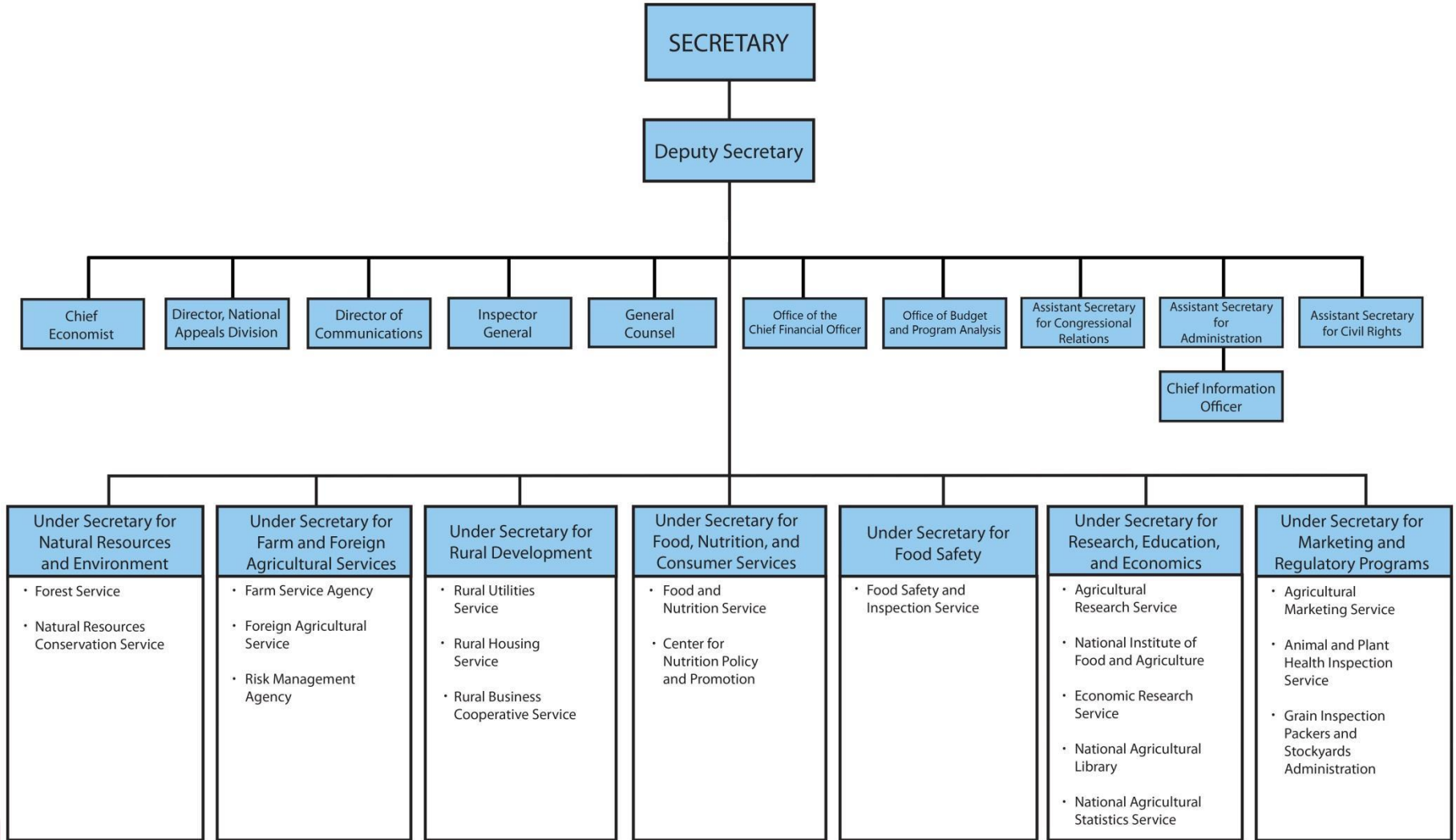
The line of succession for the Secretary of Agriculture is as follows:

1. Deputy Secretary of Agriculture
2. Under Secretary of Agriculture for Farm and Foreign Agriculture Services
3. Under Secretary of Agriculture for Marketing and Regulatory Programs
4. Under Secretary of Agriculture for Rural Development
5. Under Secretary of Agriculture for Food, Nutrition, and Consumer Services
6. Under Secretary of Agriculture for Natural Resources and Environment
7. Under Secretary of Agriculture for Research, Education, & Economics
8. Under Secretary of Agriculture for Food Safety
9. General Counsel of the Department of Agriculture
10. Assistant Secretary of Agriculture for Administration
11. Assistant Secretary of Agriculture for Congressional Relations



*U.S. Secretary of
Agriculture
Thomas Vilsack
appointed by President
Barack Obama*

Leadership in Agriculture



Leadership in Agriculture

- Current Florida Commissioner of Agriculture- Adam Putnam



- Elected by voters statewide and is one of four members of the Florida Cabinet
- Serves a four-year term, renewable once, and serves as head of the Florida Department of Agriculture and Consumer Services (FDACS)

Business Leadership in Agriculture

- **Limited Liability Company (LLC)**- a hybrid type of legal structure that provides the limited liability features of a corporation and the tax efficiencies and operational flexibility of a partnership.
- **Sole Proprietorship**- an unincorporated business owned and run by one individual with no distinction between the business and you, the owner. You are entitled to all profits and are responsible for all your business's debts, losses and liabilities.
- **Partnership**- a single business where two or more people share ownership.
- **Corporation**- an independent legal entity owned by shareholders. This means that the corporation itself, not the shareholders that own it, is held legally liable for the actions and debts the business incurs.
- **Cooperative**- a business or organization owned by and operated for the benefit of those using its services. Profits and earnings generated by the cooperative are distributed among the members, also known as user-owners.

Definitions provided by The U.S. Small Business Administration

Leadership in Agriculture

- Theories and styles we will cover:

Delegative Leadership

Adaptive Leadership

Participative Leadership

Transformational Leadership

Team Leadership

Consultative Leadership

Environmental Leadership

Leading with Love

Visionary Leadership

Servant Leadership

Business in Agriculture

- Agribusiness terms we will discuss:

Quality Assurance

Supply Chain

Policy/Government

Products & By-products

Business Cycle

Land Stewards

Land Grant System

Consumer Advocacy

Extension

Types of business structures (co-ops, sole proprietor)

Any Questions, Comments, Clarifications?



Leading with Character
&
Understanding Quality Assurance

AEC 4905: Business and Industry Leadership in Agriculture

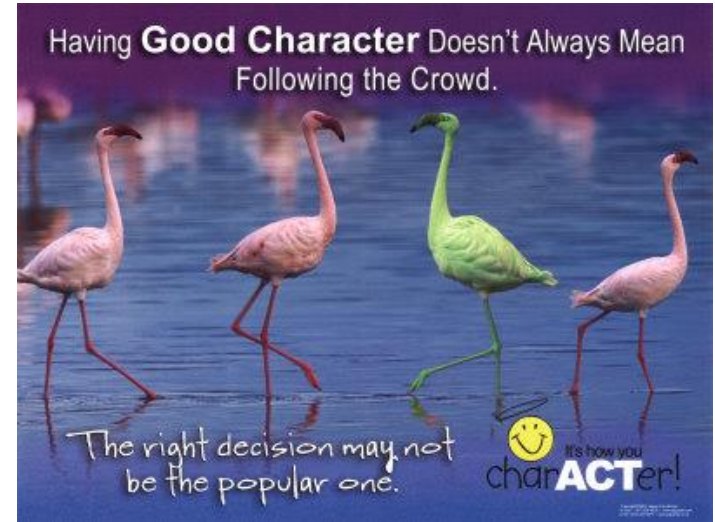
Today's Objectives

Students will be able to:

1. identify positive and negative qualities of *character*
2. learn ways to develop appropriate and desirable character traits, values, and virtues
3. recognize character traits from industry spotlight
4. describe the correlation between character, leadership skills, and success
5. explain the need for quality assurance programs in agriculture
6. identify quality assurance programs in local agriculture markets

What is Character?

- What experiences in your life have built your character?
- How do you know what defines a good character?
- Name some people which have influenced your character.
- Who is someone that you feel has good character?



What is Character?

- Traits, or habitual patterns of thinking, that define a good leader:
honest, competent, visionary, inspiring,
intelligent, courageous, imaginative, ethical
- Values, or beliefs about what is important to the individual, often found in a good leader:
responsiveness, accountability, grace, authenticity,
integrity, change, intentionality
- Virtues, or behavioral habits, of a good leader:
generosity, diligence, patience, humility, compassion,
self-control, sensitivity

Developing Character

- When it comes to leadership, competencies determine what a person can do. Commitment determines what they want to do, and **character** determines what they will do
- Encourage growth and enable conversations that stimulate growth
- Provide opportunities for educational (formal and non-formal) advancement
- Provide an environment of good people. Surround oneself with good character to develop good character

How does character affect success?

“Business leaders are learning that it is counterproductive to focus only on achievement and profit, without emphasizing the character qualities that form the foundation of the achievement.”

When leaders lack these traits, values and virtues:

1. followers loose faith and direction in leadership
2. poor decisions are made
3. businesses and organizations crumble

**Thoughts lead on to purposes;
Purposes go forth in action;
Actions form habits;
Habits decide character;
And character fixes our destiny.**

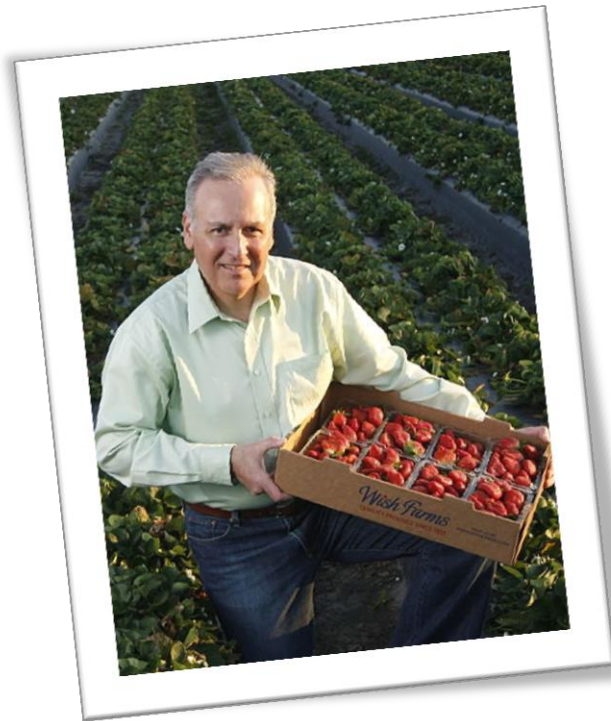
Industry spotlight this week:



Mr. Gary Wishnaski, CEO of Wish Farms

Gary, known as the head pixie at Wish Farms, leads with character. Forward-thinking, innovative, honest, compassionate, and philanthropic, Gary leads Wish Farms with an unmatched strength in character.

A Tradition of Success: Quality Assurance Programs



Gary has developed a renowned quality assurance program for Wish Farms, Inc. Because of the trust in his program, employees, and practices, Wish Farm, Inc. launched '[How's My Picking](#).' This patented traceability tool has the ability to trace the product back to the grower, variety, field location, date and time.

What are Quality Assurance Programs?

- Quality assurance is assuring that tasks, procedures and processes are executed exactly as intended every time.
- Established to provide the consumer with confidence.
- Decision are made as to what inputs to use, procedures to follow and, in general, make decisions to maximize or optimize productivity, efficiency and profitability.
- Programs might include: product consistency, high microbiological standards, high safety levels, traceability, control systems, and the use of the best technology.

Why are QAP's important?

- Quality assurance programs enable success.
- Quality assurance programs make sure that companies are doing the right things the right way.
- Align with Best Management Practices (BMPs) providing the most effective, efficient, and suitable practices for the company.
- Holds employees accountable for roles and duties within the company.

Qualified Through Verification (QTV)

QTV is a voluntary quality assurance program that facilitates the manufacturing and distributing of wholesome and safe fresh-cut fruits, vegetables, and related products.



Program Benefits:

- Provides a dynamic approach for identifying process deficiencies before and during production rather than after production has completed.
- USDA professionals validate a company's Hazard Analysis Critical Control Point (HACCP) plan and Prerequisite Programs through on-site audits to verify their effectiveness.
- Performance levels determine the frequency of audits. These audits help your company maintain strong processes and verify their effectiveness.
- USDA's QTV program offers a recognizable shield that can be used on a product package.

Information gathered from www.ams.usda.gov

Examples of QAP's:

- Take ten minutes to research Quality Assurance programs in the following areas:
 - Beef
 - Strawberries
 - Pork
- How did these program start? Have they evolved?
- Are these programs ensuring customer satisfaction?
- Do consumers know about the QAPs associated with these industries?

Character and QAPs

Let's discuss some food for thought!

How are Quality Assurance Program aligned with character?

What attributes of character play into successful Quality Assurance Programs?

Prepare for next class

Review handouts on character, quality assurance, and Gary Wishnaski

Come into class with one question to ask Mr. Wishnaski- think about his leadership style, innovative production practices, and current trends in the industry

Any Questions, Comments, Clarifications?

Incentive structures for food safety and quality assurance: an international comparison

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^b Food Industry Management, Imperial College at Wye, University of London, Wye, Ashford, Kent, TN25 5AH, UK

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Abstract

This paper compares the incentive structures for changes in food safety legislation and in private sector business strategies in the UK, Canada and Australia. The experiences of these countries with respect to food safety scares is quite different, leading to different incentives for change and alternative legislative and private sector responses. In the UK, incentives were primarily related to crisis management and the restoration of consumer confidence following a number of high profile food safety scares. In Canada and Australia, the policy focus has been on risk management and the prevention of trade-threatening food safety issues. Private sector responses to food safety have included the growth of vertical alliances in the UK and Australian beef industries. These are less evident in Canada. The three-country comparison presented in this paper highlights the importance of incentives for change in determining the respective roles of public policy and private sector responses to food safety issues. © 2002 Elsevier Science Ltd. All rights reserved.

Keywords: Food safety; Quality assurance; Risk management; Crisis management; Vertical alliances

1. Introduction

Food safety has become an important focus of consumer concerns, policy responses and strategic industry initiatives in many countries.³ This paper compares food safety systems in the UK, Canada and Australia. These three countries make an interesting comparison because their respective drivers for change differ and because of the differing approaches government and industry have taken to ensuring food safety. In each country, the meat industry has been a particular focus of

food safety and quality assurance (QA) initiatives. Vertical industry alliances are becoming an important means of assuring food safety and quality in the UK beef industry and, to some extent, in Australia.⁴

2. Food safety legislation and drivers for change

2.1. The UK

The UK food industry is driven primarily by its domestic market, with the supermarket food retailers enjoying considerable market power. Thus, it is no surprise that the two major influences on the plethora of food safety initiatives in the UK are *internal*: the 1990 Food Safety Act and the Bovine Spongiform Encephalopathy (BSE) (or “Mad Cow Disease”) crisis.

The Food Safety Act 1990 was significant because it introduced the due diligence defence, which shifted the legal responsibility for food safety downstream in the

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² Tel.: +61-26933-2864; fax: +61-26933-2868.

³ For a discussion of consumer concerns and analyses of policy responses in various countries, see for example, Antle (2000), Caswell (1994), Caswell and Cotterill (1996), Loader, Henson, and Traill (1995), OECD (1997) and Unnevehr (2000). For analyses of strategic industry initiatives in different countries, see Loader and Hobbs (1999), Roberts, Moreales, Lin, Caswell, and Hooker (1997) and Zaibet and Bredahl (1997).

⁴ A more extensive discussion of some of the issues explored in this paper can be found in Hobbs, Spriggs, and Fearne (2001).

food supply chain. Previous legislation allowed buyers in the supply chain to use the so-called ‘warranty’ defence, which only required that they prove the food was not compromised while under their control. The 1990 Act requires buyers to take all ‘reasonable steps’ to ensure that the food they receive from upstream suppliers is safe. It also means that upstream firms need to demonstrate to their downstream customers that they are handling food correctly (Hobbs & Kerr, 1992). The critical word in the definition of due diligence is ‘reasonable’. This is sufficiently vague that it has encouraged retailers to take extraordinary steps to ensure food safety by instituting stringent QA programs with their suppliers, with an emphasis on traceability (Fearne, 1998). The meat industry was the first to feel the impact as retailers drew up codes of practice for their suppliers covering all aspects of animal husbandry. The industry responded by developing or revamping generic farm assurance schemes (Leat, Marr, & Ritchie, 1998). All of the major supermarkets now require all livestock to come from suppliers who are members of a recognized farm assurance scheme.

The second major driver for change has been the BSE crisis (Palmer, 1996). The crisis weakened the public credibility of the UK government, the meat processing sector, and livestock producers. Only the supermarkets appeared to retain the confidence of the consuming public, reacting swiftly and decisively to the crisis as it unfolded. The UK government was widely criticized for initially dragging its feet on the issue, attempting to downplay the risks to humans. Largely as a result of the BSE crisis, stringent mandatory inspections of abattoirs are now conducted monthly using an objective, risk-based assessment of health standards. The real significance of the BSE crisis, however, is that it shifted the emphasis away from risk management at the retail level and the need to conform to food safety legislation, to the restoration of consumer confidence.

In January 1998, the meat industry launched Assured British Meats (ABM), an impartial organization with representation from within and outside the meat industry. ABM has the sole aim of restoring consumer confidence in British meat through a voluntary industry-wide assurance scheme which is designed to establish minimum safety standards on which retailers will not compete, but will be free to ‘bolt on’ their own QA schemes (ABM, 1998).

The BSE crisis focused the attention of the industry on the importance of food safety and on the devastating effects of a loss in consumer confidence. QA and traceability are now top priorities for food retailers – only producers who are members of a QA scheme are eligible for the partnership arrangements which now proliferate the industry and the race is on to develop a system for full traceability from breeder to individual meat cuts. The British food industry remains gripped by a battle to

restore consumer confidence in all food products, not only beef, and it is this battle which is currently forcing the pace of closer vertical coordination between producers, processors and retailers.

2.2. Canada

Federally, responsibility for food safety is shared between the Canadian Food Inspection Agency (CFIA) and Health Canada (HC). Broad health and safety policies are the purview of HC whose responsibilities include establishing nutritional standards, risk assessment, product labeling issues and product recall in the event of a food safety problem. The CFIA is responsible for inspection and quarantine services and for accreditation of Hazard Analysis Critical Control Points (HACCP) systems (Spriggs & Hobbs, 1999). In some cases, food safety and inspection standards are under provincial jurisdiction, depending on whether the food is to be consumed within or shipped out of the province. A private sector response in a number of sectors has been the introduction of voluntary on-farm QA programs. These are of varying degrees of sophistication, some include farm audits but many do not.

The key factors driving change in the approach to food safety in Canada have been *external*. Maintaining access to existing export markets, particularly the US, as well as obtaining access to new markets, is extremely important given relative the importance of exports to the Canadian agri-food sector.⁵ Regulatory initiatives in Canada’s main export markets have required the adoption of equivalent measures domestically. In the meat processing sector this means that Canadian firms wishing to export to the US must have a HACCP system in place even though it is not yet a mandatory requirement under Canadian legislation. The international focus on science-based risk assessment through the WTO Agreement on Sanitary-Phyto-Sanitary Measures further encouraged a move away from traditional organoleptic food inspection methods. While these drivers for change also affect other countries, they are particularly strong in an export-dependent country such as Canada. Important *internal* drivers have been the need to reduce duplication of responsibilities across Federal government departments and to harmonize regulations nationally. The harmonization of regulations nationally through the CFIA was intended to simplify the regulatory requirements facing firms. It was felt that failure to harmonize would have negative repercussions for access to export markets in the long run.

⁵ The US is Canada’s largest trading partner, accounting for over 60% of agri-food exports in 1999 (AAFC, 2001). For the beef sector, dependence on the US export market is even higher.

2.3. Australia

Under the Australian constitution, State governments are responsible for the enforcement of food law, however, this has led to the emergence of different standards across the country. In an attempt to harmonize standards nationally, the Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ) developed “Australian Standards” for primary processing establishments servicing the domestic market (e.g. fresh meat). The Standards require the introduction of HACCP in domestic meat plants. Further downstream, the Australia–New Zealand Food Authority (ANZFA) has developed national food standards for further processing, distribution and retail. It is developing harmonized hygiene standards between the States based on the due diligence principle which will require all food establishments to have HACCP-based food safety programs. There are a number of livestock farm QA schemes (e.g. Cattlecare and Flockcare) which include HACCP-like principles to prevent chemical residue problems. Membership in such programs are voluntary, however, each farm is subject to independent audits.

As with Canada, the important drivers for change in the Australian food industry are *external*, reflecting the need of the export-dependent sector to remain internationally competitive. A series of food safety and quality problems with meat exports focused attention on the need to tighten controls and raise standards. These helped spawn on-farm QA programs. The most important *internal* driver for change has been highly publicized food poisoning outbreaks. Of these, the most prominent was the so-called “Garibaldi Incident” in 1995, in which one person died and 24 were hospitalized as a result of consuming a contaminated sausage product. The Garibaldi incident kickstarted the Australian food industry into improving food safety, resulting in the upgrading and harmonizing of fresh meat inspection and hygiene standards across the country. It is also credited with motivating food manufacturers in Australia to implement stringent food safety procedures, ahead of mandatory regulations being imposed by Federal and State regulatory bodies. The desire to reduce the cost of food regulation has also been a driver for change. The cost of meat inspection has gradually shifted to industry through “co-regulation”, whereby the meat industry is responsible for food safety backed up by government or third party audits.

2.4. Lessons from the comparison

While there are number of similarities in the development of food safety initiatives in the three countries, there are also some important differences in the key drivers and how they have influenced the process of

ensuring food safety. Three key lessons are: (1) the incidence of food safety scares; (2) differences in incentive structures and; (3) the proliferation of standards.

The *incidence of food safety scares* is the primary driver for change, with the UK arguably the most advanced of the three countries due to high profile public scares. The Australian food industry had a taste of what a food safety scare can do, but to date Canada has not experienced a major food scare on the scale of BSE in the UK or Garibaldi in Australia.

In contrast to the UK, the Australian and Canadian food industries have a strong export orientation. Key markets, notably the US, introduced tough new standards for exporters if they wanted to maintain access to these markets. Given the importance of food exports, the Canadian and Australian Federal governments became involved as a facilitator rather than purely as a regulator. The key lesson is that the *incentive structures* were different. In the UK the incentives were primarily related to crisis management and the restoration of consumer confidence, while the Canadian and Australian governments focused on risk management and the prevention of trade-threatening food safety issues.

The third aspect of food safety provision is the *proliferation of standards* that emerge in the absence of central Government intervention. In the UK, the 1990 Food Safety Act placed the burden for ensuring food safety primarily on the retailers who, acting in competition rather than in concert, set about building their own unique assurance programs. The proliferation of industry schemes which resulted placed additional burdens on suppliers and did not cease until ABM emerged with the task of removing food safety as a source of competitive advantage and uniting all elements of the meat supply chain under one industry-wide assurance scheme. In the other countries, proliferation resulted from the blurring of responsibility among different Federal and Provincial agencies, until the trade loss threat encouraged the respective administrations to provide national support and standards.

3. The role of vertical alliances

Vertical supply chain alliances between producers, processors and retailers to enable credible assurances of food safety and quality have emerged as a private sector response to food safety concerns and changing regulatory environments. These are most evident in the UK beef industry, although there are similar developments in some parts of the Australian beef industry.

Some players in the UK beef industry have recognized that a change in emphasis is required towards the benefits which can come directly from addressing consumer requirements for food safety and indirectly from

the systems which have been put in place to deliver safe food. This change in emphasis is manifested in the growing importance of supply chain partnerships, from retailers to farmers to breeders, feeders and other input suppliers.

The major retailing multiples and the largest abattoirs have yet to find an effective system for tracing products from the breeder through the cutting plant to the retailer on a commercial scale. This has provided the smaller players with an opportunity to gain competitive advantage. One such player is *Tracesafe*, a farmer owned company in SW England that operates a unique cattle traceability and QA system. The Tracesafe Cattle Management System encompasses a network of breeders and finishers and enables the history of individual meat cuts to be traced back to the animal of origin. The beef is targeted at specialist retail outlets and high quality restaurants, where consumers are willing to pay a premium for the assurance of guaranteed traceability. All grain is supplied from a network of mills contracted to provide specially prepared rations. Independent auditing of breeding and finishing units is carried out under the ISO 9002 accreditation requirements. Complete details of an animal's life, including parentage, medication, feeding and any movements are documented (Fearne, 1998).

The UK retailer *Marks and Spencer (M&S)* operates its own vertical supply chain alliance. Unlike the other major food retailers who work mostly with abattoirs, M&S has a direct link with their farmer suppliers. M&S' Select Beef Scheme focuses on delivering consistently high eating quality through traceability. Taste panel tests are linked directly back to the farm of origin and are used to compare beef produced under different regimes, enabling technical staff to recommend changes to a ration or husbandry to enhance eating quality. Farms are subject to random inspections. Producers must provide a breakdown of all feed ingredients to show that only approved ingredients are used (Fearne, 1998). These two examples demonstrate an important change in the nature of vertical coordination in the British meat industry, away from adversarial spot trading to tightly organized strategic alliances that have responded swiftly and effectively to the demands for improved safety.

Vertical partnerships are emerging in the Australian beef industry and are being led by the major super-market chains (Woolworths and Coles). In the case of meat, this is happening, in part, because the Australian Government has encouraged co-regulation whereby the meat industry is required to take direct responsibility for food safety. Woolworths has developed a Vendor Quality Management Standard for its suppliers. Suppliers who agree to participate in the program implement a HACCP plan that is subject to independent audit.

4. Conclusions

An effective and credible food safety regulatory system remains a critically important role for public policy. The challenge lies in designing a system that ensures a safe food supply in which consumers can have confidence, while avoiding draconian measures that hamper the competitiveness of the industry with little marginal benefit for consumers. There exists a complex mix of market, supply chain and regulatory incentives for firms to provide safer food. In comparing the differences in institutional arrangements in the UK, Canada and Australia it is clear that national harmonization of standards, increased private sector accountability and tighter regulatory control are features of all three systems to varying degrees. The industry response has been swifter and more decisive in the UK than in Canada or Australia and has been driven largely by the retail sector. Paradoxically, given that retailers are the final point of contact with consumers, they have not featured prominently in Canadian industry QA initiatives. Until retailers become involved, these initiatives cannot truly be regarded as complete "gate to plate" supply chain partnerships. It is not clear which institutional environment will be the most effective and efficient means of delivering safe food. Further research is warranted to determine the relative effectiveness of different national systems.

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