



Global Agribusiness Overview

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HARVARD | BUSINESS | SCHOOL

100 YEARS
1908-2008

Objectives of Program

- 1. Introduce the case method**
- 2. Introduce the “commodity system approach”**
- 3. Explore specific issues through Friona and Vegpro cases**
 - Customer driven
 - Feedback loops
 - Traceability
 - Leadership
- 4. Generate ideas for future Parma/Italy agribusiness cases**

Field Cases as a Research Approach

1. Examine “outliers”

- Find the “first movers”
- Identify trends
- Explore innovative approaches, business structures

Range of HBS Agribusiness Cases, 2005-2008

South Dakota Wheat Growers
Saskatchewan Wheat Pool
Mid-Missouri Energy
Queensland Sugar Limited
Friona Bounge

Hariyali
Vegpro
COFCO Tumhe
Beijing Hualian

Monsanto Brazil
Viagen
Alltech
Clearwater Seafoods
Ponsse
Convention on Biological Diversity

Conagra
Academia Barilla
General Mills

Agribusiness Cases for 2009

Nestlé

COFCO

Olam International

JBS

Taylor Farms

Arcadia Biosciences

Syngenta Water

GlobalGAP

Alliance for a Green Revolution in Africa

ViniBrasil

Marks & Spencer

Reliance India

Why are food prices so high?

Low inventories

Droughts (Australia, China)

Ethanol + Biodiesel

Rising population and increasing income

(Chinese eating more meat)

Currency fluctuation

Speculation

Global warming

Will they remain high in the future?

Observations about the Future

- ❑ **Demand will continue to grow and also become more complex**
 - Basic food for base of the pyramid
 - Processed, convenient, and branded products for middle class in emerging markets
 - “Food as fashion” for high incomes ► shorter product life cycle
 - Organics, Fair Trade, “Food Miles”
 - Functional foods for all groups
 - Urbanization ► need to get (fresh) food to cities
 - Safe food remains paramount

Observations about the Future – cont.

- ❑ **Supply will grow but become more variable**
 - Environmental resources (land, water) are finite ► Africa the new frontier?
 - Climate change
 - Free trade vs. national self-sufficiency?

Solution possibilities

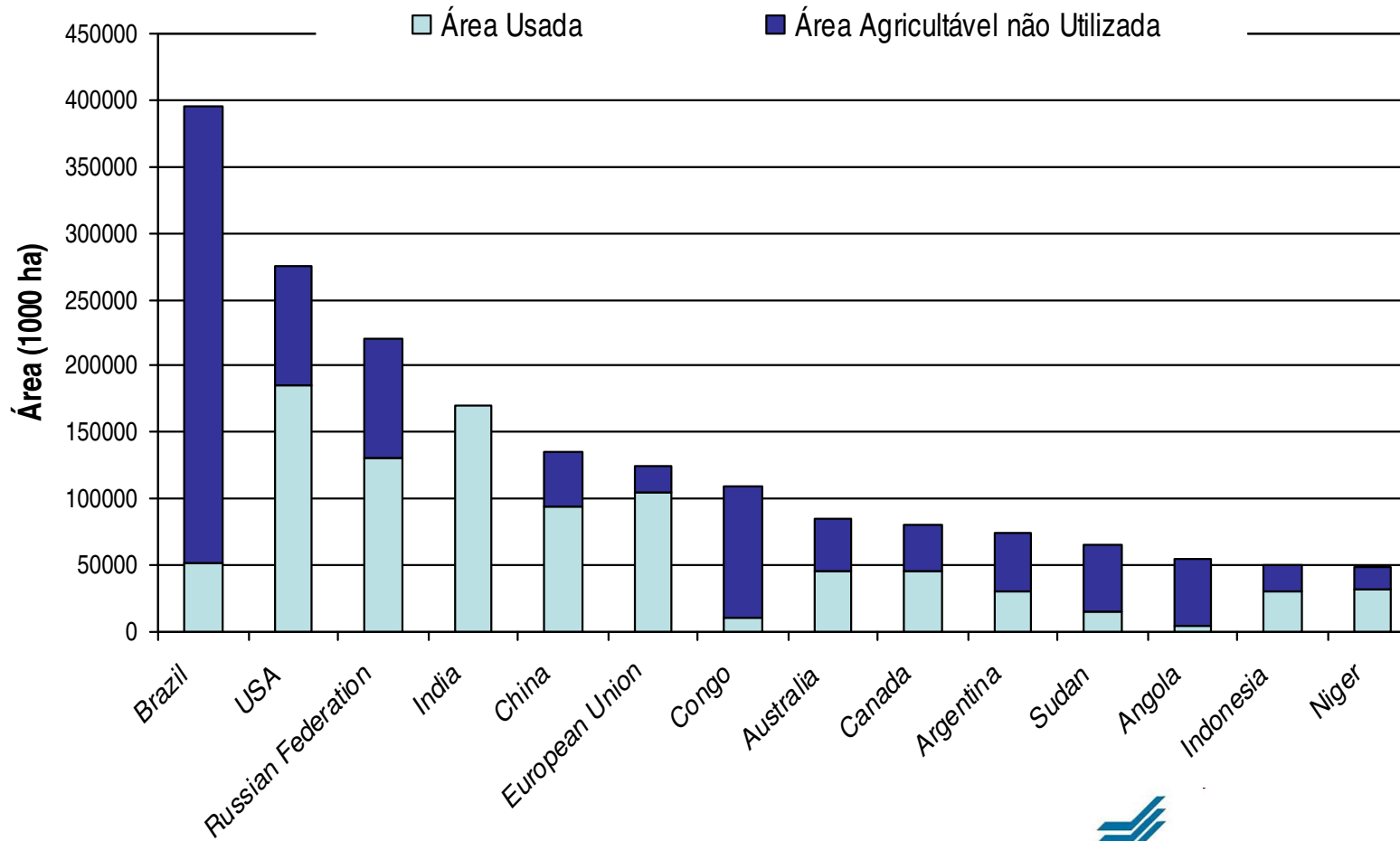
1. Supply side

- More acreage
- Higher yields
- More crops in a year

2. Demand side

- Population control
- Less meat in our diets
- Fewer calories per person
- More efficient stomachs (human or animal)

More acres?



Observations about the Future – cont.

- ❑ **Commodity prices will moderate but remain volatile**
 - Biofuels will shift to efficient feedstock
 - End of “cheap food”

- ❑ **High fuel costs will drive re-examination of supply chains**
 - Local, national or global production?
 - Efficient production and transportation
 - Approach to inventories (stocks)

- ❑ **Infrastructure a growing bottleneck**

Observations about the Future – cont.

- ❑ **Technology: Supply + Sustainability + Value-added + Bus Models**
 - Agricultural productivity (yield, animal health)
 - Resource utilization (NUE system, water efficiency)
 - Risk reduction (cold and drought tolerance, shorter growing seasons)
 - Product enhancement (low-lin soybean oil, functional foods)
 - Nutrigenomics & personalized diets (human & animals)

- ❑ **Less risk, or more?**

Observations about the Future – cont.

□ Future of brands

- Increasing or decreasing in mature markets?
 - Increased retail power
 - Media fragmentation, new media, the “iPod generation”

Final Thoughts

1. From transaction to trust

- Flexible business arrangements and relationships over formal contracts and JVs
- Feedback loop for information
- Transparency and traceability
- Goal – to maximize the total market instead of fight over the sharing

2. Consumer demands: Fad or fundamental?

- Convenience
- Product authenticity and “natural” products
- Environment and sustainability
- Functional food – broad appeal across all groups but need a brand?

3. Retail sector: Friend of foe?

- Consolidation and globalization
- Spread of “modern formats”
- Differentiation and niche opportunities

4. Importance of “human capital”

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