

Secure your Competitive Advantage in a Turbulent Global Agricultural Environment

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Farming businesses all over the world are experiencing a decline in agricultural product prices, which put pressure on farming profit and also on competitive advantages. This is due to increased production, improved technologies, availability of information, more sophisticated management styles, etc. Therefore, being only an average farmer will not be enough to experience success in future farming ventures. Exploring competitive advantages can contribute substantially to successful farming as a small improvement may be insignificant in one year but the multiplier effect of such an improvement can be substantial over a 10 year period. The gross margin difference between two sheep farmers (good and poor herd management) farming with 200 ewes each, is R 60 300 per year, which gives a future value of R961 027 over a period of 10 years, cumulative at 10% discount rate. This is the “oil” the modern successful farming business is running on. There are many different ways how competitive advantages can be created or sustained. It can also vary from a few major aspects in a farming business to a number of small advantages. Experiences have learned that the improvement of the productivity of direct productive assets (land and livestock) is a major contributor to competitive advantage. Another major area where competitive advantages can be obtained, is the development of specific marketing strategies and tactics where contracts are obtained where a premium price are negotiated. The poster focuses on different ways that farmers can use to identify, create and sustain competitive advantages. Principles used in this poster are extractions from the book “Strategic approach to farming success”, written by Nell & Napier.

Keywords: competitive advantage, strategies, farming success, global changes, multiplier effect.