

UNDERSTANDING THE KONDININ GROUP PHENOMENON – A STUDY OF AN INNOVATIVE FARMER ORGANISATION

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Abstract

This paper studies the background of one of the largest farmer organisations in Australia and its significant role in influencing practice change and farm management decisions.

The Kondinin Group was formed as a self-help farmer group to study farm machinery reliability in the wheatbelt of Western Australia in 1955. It grew substantially in the 1990s and since 2000 has had about 10,000 members from mostly large scale cropping and livestock enterprises. The paper draws on academic research under the auspices of the University of Queensland, which included a survey of 1501 Kondinin Group members in 2001, as well as the observations and experience of co-author Mark Casey who worked as a manager at the farmer organisation.

From the survey and key informants it is clear that the Kondinin Group had a significant impact on the farm practices of its members. It was preferred over consultants, suppliers, state departments of agriculture and accountants as a source of reliable and impartial information. It was regarded as by far the most useful source of new ideas, and was ranked as first or second most useful source in each of six other categories of information. Of the total sample, 55 per cent reported changing practices based on Kondinin information. This paper also looks at what principles were applied by the Kondinin Group and what aspects of the organisation's business approach were successful in expanding its member base and influence in Australian agriculture. From observation it seems the use of marketing concepts, practical information and maintaining an independent perspective were important in the group's growth.

Keywords: Kondinin Group, farming organisations, farmer groups, not-for-profit organisations.

Introduction

The Kondinin Group is an organisation that undertakes research, and publishes a range of technical manuals and a collection of children's' books explaining agricultural industries. It has about 10,000 members across Australia who pay an annual subscription and receive a monthly magazine called *Farming Ahead*. It is best known for its reliability studies and comparisons of farm equipment ranging from tractors to mobile telephones.

This paper is based on academic research centred on a survey of 1501 Kondinin Group members in 2001 and subsequent key informant interviews as well as the experience and observations of co-author Mark Casey who worked as a manager in the organisation between 1990 and 1999. The research project was aimed at understanding why farmers joined the Kondinin Group, and why has it influenced the decision making of some of Australia's most productive farmers. In this paper the organisation's business model is examined with a view to formulating some principles for success for farmer groups now and in the future.

Kondinin Group members typically have larger than average holdings and production. Figures from 2001-2002 show they contribute significantly to Australian production, accounting for 53% of the annual wheat crop according to Kondinin Group information (Table 1).

Table 1 Kondinin Group member contribution to Australian agricultural production

- 53% of the wheat crop
- 86% of canola crop
- 35% of coarse grain production
- 13% of beef production
- 21% of wool clip
- 68% of pulse production
- 17% of sheep meat production
- 12% of cotton crop

Source: Kondinin Group National Agricultural Survey 2002, Based on the 2001-2002 growing season

From the authors’ perspective, the Kondinin Group combined the roles of book and magazine publisher, research organisation and consumer advocate at a time in the 1990s when the Australian farming community needed these services. State agriculture departments had largely withdrawn from extension or were in the process of doing so and agriculture was becoming more mechanized and reliant on new technology to build efficiency. A series of discontinuities or circumstances led to changes which in turn led to the growth of the organisation; these include a decline in farmer terms of trade, a move towards globalization and the emergence of knowledge economies (see Table 2).

Table 2 Influences on Kondinin Group growth and development

INFLUENCE	DISCONTINUITY	NEED
Societal	Knowledge economy. Growth of not-for-profit sector	Quality information and knowledge conduit
Cultural	Share information, co-operation, resourceful	Farmer owned, independent
Business climate	Cost price squeeze, declining terms of trade. Commodities in price decline. Globalisation	Business intelligence. Production efficiency, innovation
Personal	Survival, belonging,	I belong to an organisation of like minded progressive farmers. Can help business profitability
Political	Less government extension and advice	Who will fill the gap?

(Sources: Adapted from Kaplan and Norton 2001; Maslow 1954)

Based on personal observations a key element of the Kondinin Group model was the fact the group was driven from the ‘bottom-up’ and it did not seek to impose what it thought farmers’ needed. It used market research techniques to survey farmers to find out what they wanted. It then had an argument to seek research funding from research and development corporations to produce a book on subjects such as grain handling, harvester reliability, fodder production or chemical safety. Typically research funding would be supplemented by sales of the book along with advertising and sponsorship. Book buyers would be in turn targeted to join the group.

The Kondinin project process also involved a literature review on what information was already available and who were the experts in the field. State departments proved a rich source of information for projects. The ‘special ingredient’ was then added – farmer case studies. These proved particularly attractive to other farmers and the Kondinin Group was particularly adept at tapping into the existing knowledge amongst Australia’s farmers. Quality control was added to check the validity of the information and it was then combined with photographs and diagrams to provide an attractive package. This approach to projects used journalistic and marketing techniques whereas

traditional extension tended to be linked to the natural sciences and used a more positivist approach with emphasis on methodology and an academic style for the presentation of information. The Kondinin view was that science is only as good as the outcomes resulting from its application in the field.

Most useful source of information

The survey of Kondinin members in northern Australia (272 responses) demonstrated the group is the most useful overall source of information for member respondents (Table 3). It was preferred over consultants, suppliers, state departments of agriculture and accountants. It was regarded as by far the most useful source of new ideas, and was ranked as first or second most useful source in each of six other categories of information.

Table 3 Most useful source of information by category (%) and overall ranking

Agency	Overall rank	Business	Buying	Crop	Marketing	New Ideas	Stock	Strategic decisions
Suppliers	3	3	40	19	10	15	18	6
Consultants	2	26	6	31	43	17	21	33
Kondinin	1	16	39	24	18	49	29	18
Government	5	10	24	22	8	9	25	14
Agri-political	6	5	4	3	13	6	5	6
Accountant	4	40	8	1	9	4	2	22

The organisation was also a very significant source of innovation for respondents. In the open-ended survey comments section, farmers reported changing farming practices such as adopting minimum tillage, building shearing sheds and cattle yards and starting new enterprises such as prime lamb production based on Kondinin information. The extent of the influence of the Kondinin Group as a source of information, particularly in the areas of strategic business management, was also illuminated in survey results.

Influence and practice change

The survey data and interviews demonstrate the benefits and practice change that emanated from Kondinin information. In the survey sample, 36 farmers had changed to minimum tillage or zero till based on Kondinin information. This represents a major change in a farming operation and often involves investment in new or modified planters and boom sprayers. Of the total sample, 55 per cent reported changing practices based on Kondinin information. An analysis of survey comments showed 18 referred to innovation, which correlates in some respects to practice change.

Responses in the survey comments section reinforced the influence and value of Kondinin information to farmers considering practice change and assessing potential benefits. For example, one said “we have changed practices based on information supplied”. Other comments included:

- “Kondinin Group is a vital service – independent, professional, helpful and up to date information”;
- “Kondinin seems very innovative and reacts to customer needs. [It] supplies articles in many different areas each month and is probably our best form of networking”
- “The information is very useful and gives me access to new ideas and technology. It also helps solve some ongoing problems”
- “If purchasing new equipment I read the surveys carried out by the Kondinin Group and look at what they are recommending in the field”.

Interviews with key informants tended to support the view Kondinin has had a positive impact on agriculture and encouraged practice change. One person said the group had saved him about \$50,000. Another relied on the organisation to make more informed decisions on major equipment purchases such as tractors and harvesters. Mike Burgis from the Conservation Farmers Group said Kondinin had "...actually saved farmers a lot of money with reports". A former Kondinin researcher, believed the organisation had a significant impact on improving farm yields and helped with the adoption of precision agriculture which relies on global positioning satellites. He also considered that books such as *Tractor Torque* and *Shear Sense* on shearing shed design were very influential. Another respondent alluded to Kondinin information facilitating practice change on his farm including a move into cattle production. The book *Canola Cache* was considered a useful source of information in the emergence of canola growing in Western Australia .

A survey by Agriculture Western Australia of farmers who bought the Kondinin Group book, *Cut and Dried* (published 1994), found more than 40 per cent of readers had changed their management of hay and silage as a result. Likewise it seems from personal observations that the Kondinin Group *WorkBoot* Series of children's books has played an important role in explaining agriculture and its industries to school children. Books on the wool industry, dairy and honey have found their way into many school libraries and increased understanding about agriculture from 'paddock to plate' in the broader community.

Views about membership

Retaining members is critical and the organisation needed to continue to deliver to maintain its member base. At the time of the survey, one third of respondents indicated they remained as members because of information, while 24% renewed because of the value provided by membership, 22% for service and 21% because the group was farmer owned. The group met its members' expectations according to the survey respondents of whom 95% considered the service good or excellent. Membership was also believed to have helped farmers embark on changes in their businesses and more than half had changed farming practices based on Kondinin information.

What principles might be useful for other organisations?

From the survey information and personal experience the principles below would seem to have supported the Kondinin Groups expansion in terms of members and influence. The Kondinin Group has enjoyed success and this is arguably related to a strong adherence to its culture, which values independence and customer service. These values are not particularly unusual concepts in business as they are espoused by many management writers. While the organisation has not been without its problems over the past 55 years, it has grown enormously from its origins, stayed true to its mission and continues to enjoy a strong reputation in agriculture industries.

Build a positive organisational culture

The passion for the Kondinin Group can be seen in the comments from the members surveyed and the key informants. There seemed to be a passion for the concepts of 'farmers helping farmers' and quality independent information. It appears the members, staff and board of directors were generally aligned on these values and this helped the organisation maintain its focus and survive over five decades. Manfred Kets de Vries (2001) believes organisational culture provides rules for behaviour, shared frames of reference which are socially learned and transmitted. Collins and Porras (2000) view positive work values as critical for business success over time.

Provide practical information that the client wants and can use

The survey comments, key informant interviews and literature review all point to the importance of finding out what information customers want and then delivering it in an understandable manner. The success of the Kondinin Group and similar Australian groups such as the Birchip Cropping Group

and Conservation Farmers Inc. is linked to an emphasis on farmer involvement and information that can be readily applied. Treacy and Wiersema (1997) called this customer intimacy. The Kondinin Group adopted marketing concepts such as customer databases in the early 1990s and studied the buying patterns of members to better understand them. Most importantly, it surveyed members at least every year to find out what information they wanted. A survey respondent summed up the appeal of the group in saying [the] “Kondinin provides very good research items on a broad range of topics. The information provided is up to date and unbiased. The service provided is excellent value for money”.

Employ talented and committed staff

From personal experience the Kondinin Group was generally a well-regarded place to work and tended to attract and retain bright people. University graduates would be given research contracts to prepare research reports or parts of books. This was a useful testing ground to find permanent staff. People with family backgrounds in agriculture tended to be attracted to the ethos of the business. Chowdhury (2002) contends that the performance of an organisation is entirely determined by the performance of its employees. He believes the key focus for a successful organisation is the return on talent – to harness talent and realize the value of knowledge.

Stay independent

A key selling point of the Kondinin Group is its independence and this is emphasised in its marketing material and on its website. Another Australian farmer organisation, Conservation Farmers Inc. also sees independence as critical and one of the elements of its core business. A comment from the survey considers the “Kondinin Group a vital service [providing] independent, professional and up to date information”.

Get a strong board

The role of Boards of Directors is defined by Sir John Harvey-Jones as “to create tomorrow’s company out of today’s” (Harvey-Jones 1994). Recent corporate failures including the Australian Wheat Board’s actions in Iraq have demonstrated the importance of strong Board oversight and an effective executive group.

Present quality information in a user friendly manner

Information can only be useful if it can be understood and the Kondinin Group put a major emphasis on the reliability of its information and the ease with which the user could comprehend it. A survey respondent said “I find the Kondinin surveys, equipment trials or data very informative and useful. Their layout appeals to me because it is easy to read and always a good resource”.

Regular surveys such as the National Agricultural Survey (NAS) gave a clear insight into members’ wants and needs and this tended to drive the organisation. Questions in the NAS asked members to identify their research priorities. Members were also regularly asked to comment on books and the magazine *Farming Ahead* to gauge their effectiveness in meeting member needs.

Likewise it is important to maintain a positive relationship with customers. The *Farming Ahead* magazine, surveys and regular direct mail promotions helped to build and maintain a relationship with the member. Interaction with customers is widely considered to be important for businesses operating in an environment where consumers have many choices.

The use of public relations is an effective and low-cost form of promotion and brand development. From the co-author’s time at the Kondinin Group, news releases were issued at least every month and the group received widespread coverage. Being a not-for-profit organisation with a research function, its news releases were widely used. This can be a low cost approach for organisations to build awareness of their offerings and brand. A major emphasis on quality in all products is critical in today’s marketplace where consumers have so many choices. Information and presentation had to

be of a standard and delivery times and expectations needed to be met. The Kondinin Group worked hard to keep its information reliable and practical. Quality editing from trained journalists and technical accuracy checks along with good visual presentation are important for printed or web based information.

The use of networking with formal and informal alliances can also be beneficial and this was used extensively by Kondinin. Departments of Primary Industry, CSIRO, and suppliers all played a major role in the development of the Kondinin Group.

Challenges ahead

In the twenty first century, the Kondinin Group faces many challenges including a steady decline in the number of farmers in Australia which limits membership growth. According to the Australian Bureau of Statistics (ABS), there were 147,000 establishments involved in agriculture in 1995 but by 2005 this had declined to 130,000. This shows a significant drop of 17,000 farm establishments in 10 years (*Australian farming in brief 2006 ABS*).

Producing high-quality information in a relatively small market would seem to be a challenge as there is limited scope to defray costs over a wider readership. A full colour glossy magazine is an expensive proposition to produce with significant research and editing resources required as well as printing and distribution across Australia. Perhaps to address this, the Kondinin Group decided in July 2010 to sell its flagship magazine *Farming Ahead* through retail outlets such as newsagents.

Maintaining organisational culture with a strong member focus has been challenging as the group has grown. Its organizational values proved a strong foundation and supported the group in difficult times, as seen during a 2003 financial crisis. During the crisis, an appeal was sent out to members seeking cash donations to keep the not-for-profit group afloat. Remarkably its membership of about 15,000 at the time provided a cash injection of \$450,000 in donations. One member donated \$10,000 alone (pers comm., Ben White, Kondinin Group, northern region manager, 2003).

A key challenge for the group is to maintain its relevance across the different states and territories and farm industries.

A recurring question for the organization is how to build a business within the non-profit model. The capacity to increase capitalisation and borrow is severely limited. The intellectual property assets of the group are intangible from the general accounting perspective. The knowledge inherent in the organization, processes and masthead of *Farming Ahead* and various brands are difficult to represent on the plus side of a balance sheet. As the survey data shows, independence and relevance are important motivators for farmers joining and remaining members. An ongoing challenge is balancing independence and connectedness with members with commercial considerations. Competition in the delivery of farmer information has increased with the introduction of the internet and a growing number of local farmer groups.

In conclusion, there is a body of information supporting the view that the Kondinin Group provides significant benefit for members and has a strong impact on practice change and the introduction of new technology and innovation. It has an impact on its members greater than many other professional and business organisations. Some basic business principles such as providing customers with what they want and consistently listening to their needs, have supported the organisation's development from a kitchen table meeting of Western Australian farmers in the small town of Kondinin to a highly influential national farmer body. While the group has learned from others groups such as the University of Nebraska-Lincoln Nebraska Tractor Testing Laboratory, consumer organisations and various publications such as *Consumer Choice* and *Farm Weekly*, the Kondinin

Group has developed some processes and ideas as outlined here that can hopefully assist other farmer groups in their particular evolution.