

AGRIBUSINESS EXCELLENCE MODEL; PERFORMANCE MEASUREMENT AND STAKEHOLDER LINKAGE TOOL

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Abstract

The Agribusiness Excellence Model is a performance measurement tool used in the self-assessment of emerging agribusiness to improve business excellence and performance. The South African government, through land reform and support structures such as the Comprehensive Agricultural Support Programme (CASP) seeks to create sustainable and successful agribusiness. The SAEM model exists to bridge the gap between settlement on farms and the creation of competitive business in the ever changing global business environment. The model requires involvement of the stakeholders as part of the implementation process to implement the formulated action plans. The purpose of the paper is to measure, through a case study, the value of the model as performance measurement and a sustainable development tool in assisting the successful establishment of new farmers. It also ascertains how stakeholders become involved and their importance in ensuring that a farm becomes an agribusiness. The implementation of the Excellence Model may assist with implementation of agribusiness and stakeholder analysis because objectives are clearly defined and stakeholders understand their roles and responsibilities when implementing the Excellence Model.

Key words: Agribusiness Excellence Model, Performance measurement tool, Land Reform, stakeholders, stakeholder analysis

Sub theme: Farm Management

Introduction

The need for inter-organizational linkages to improve the extent to which farmers succeed in gaining access to relevant and useful technologies began to emerge in the 1980's emanating from the following viewpoints:

- Increasing criticism of the inability of public sector research services to meet the needs of farmers working under complex, diverse and risk-prone conditions, given their inappropriate structures and reward systems and the attitudes and behavior of staff.
- Increasing financial pressures on the public sector, often linked with pressures towards the privatization of many public sector functions and withdrawal towards (a) facilitating and regulating the private sector and (b) engaging in activities where the private sector is unlikely to become involved in natural resource management or health or safety promotion and/or areas with poor infrastructure where market failure is widespread. These pressures caused cutbacks in many areas of public sector activity, including research and extension.

These were accompanied by a growing realization that participatory approaches are important, particularly if research is to meet the needs of those seeking livelihoods from the land in remote and difficult areas, where people have long been economically and politically marginalized. An early review of Farmer Participatory research noted that public sector research organizations had little experience in these techniques and "special projects" of various kinds (ARD Learning modules, 2008), compared with NGO's.

Linkage mechanisms can be either operational or structural. Operational linkage mechanisms support project-type implementation such as joint analysis and joint planning or resource-allocation procedures. These mechanisms are informal, mandated or voluntary, permanent or temporary. In the case of structural linkage mechanisms, each organization has some influence over the resource allocation and strategic decisions of the other. These mechanisms can take the form of co-ordinating units which have specific functions to co-ordinate activities between the two organisations, permanent committees made up of representatives of various stakeholders. Structural linkage mechanisms are necessarily formal and institutionally recognised (ARD Learning modules, 2008).

According to Weldeghiorgis (2004) Integrated Performance Measurement Systems (IPMS) such as ISO have been widely used and accepted, to measure productivity and efficiency of modern day businesses over and above financial measures of productivity. Over the years performance and efficiency have fascinated business people, mainly because profitability and sustainability of business has become the driving forces, more so because of increasing economies of scale, globalization and world market inter-linkages. South Africa has not been an exception in the use of integrated performance measurement tools: ISO 9000:01 is used mainly by manufacturing business and other sectors in the country.

As is so often the case for many concepts, performance measurement has no generally accepted definition. In recent literature, it has been suggested that performance measures are the lifeblood of organizations, since without them no proper decision can be made. As it said to measurement is the first step to control and improvement. Resources in any organization are limited and scarce. Performance measurement provides management with the opportunity to make the right allocation of resources and to set the right priorities for improvement. Performance measurement is a key word pertaining to all discussions about new dynamic performance measurement. Performance is a broad concept; it has various meanings for different audiences and in different contexts. This confirms the strong belief on the concept of performance measure as “measures that link strategy to action” and defined: “Performance measurement as a strategic and integrated approach to delivering sustained success to organizations by improving the performance” (Weldeghiorgis, 2004).

The South African Excellence Foundation is an organization created to measure and benchmark efficiency in South African business and organizations. The foundation compiled the South African Excellence Model; depicted in figure 1 from a combination of performance measurement systems observed all over the world. The Excellence Model was used amongst others, to facilitate the acquisition by Mercedes South Africa to assemble the Compressor C 180 and C 200 (DaimlerChrysler, Mercedes-Benz 2010).

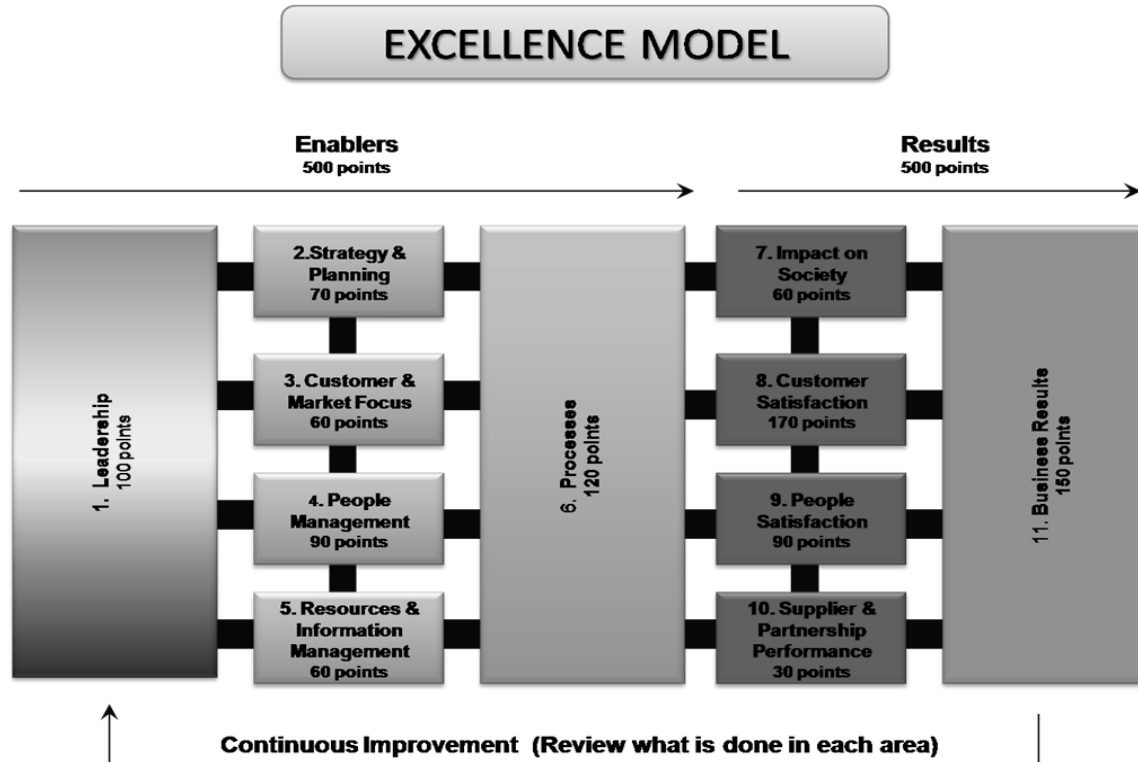


Figure 4: Agribusiness Excellence Model

Source: DAFF (2010)

The Department of Trade and Industry adopted the South African Excellence Model and used it for development of Small Medium and Micro Enterprises (SMME). The Department of Agriculture adopted the Model then for developing agribusinesses to facilitate a mind-set change amongst farmers to see agriculture as a business rather than a survivalist operation.

Through the implementation of the model in agribusiness in the Free State over the past three years, implementation of the model after an assessment has taken place, which requires involvement of other stake holders to improve the situation of a particular agribusiness.

Objective/purpose

The objective is to ascertain the value of the South African Excellence Model as performance measurement tool for agribusiness in the Free State Province of South Africa, through the creation of partnerships and linkages with other stakeholders to develop sustainable and successful agribusiness.

Problem investigated

The analysis of organisational roles (stakeholders) assists understanding who does what in relation to the issue at stake, such as that gaps and overlaps in roles might be identified and acted upon. Such analysis may lead to the identification of new partnerships. Looking at inter-organizational linkages from the point of view of organizational roles might assist in identifying weaknesses due to overlap in roles, competition or just poor task performance. Such analysis could assist in negotiating desired improvements in the performance of roles. ARD Learning modules (2008)

Methodology

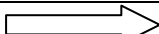
Participatory rural appraisal was followed in conducting the Agribusiness Excellence Model self assessment; then the International Centre for Development oriented Research in Agriculture (ICRA), Agricultural Research for Development (ARD) tool for stakeholder and partnership model (Analysis of Organizational roles) were used to analyze the impact of established partnership with different stakeholders in implementing the AEM at Lebebe dairy.


Steps for analyzing Organizational Roles (Stakeholders)

Step one - Identify the relevant organizations and their roles

Start by identifying relevant organizations that are affected by decisions taken in the area of concern. Discuss with the key actors in each organization which roles/tasks, for example, participatory research with farmers, on-station research, extension and input supply are performed by which organizations and draw up the organization by roles matrix.

Table 1: Example matrix

Roles 	Input supply	Technical Advice	Marketing
Organisations			
Farmer Groups			
Extension			
Research			



Step Two - Assess performance in each role

Do the current roles meet user's expectations? First agree on the criteria for scoring whether users are satisfied or not. The following is a simple illustration of user-scoring. Each user should score each organization on role performance. Moving from one role to the next, then fill out the matrix for all organizations. At this time stakeholders can be asked which roles they would like to see each organization play in the future. By comparing the current roles with those preferred in future, recommendations can be made for improvement.

Table 2: Scoring options

++/Good	Fully involved with all users satisfied with role performance
++/Moderate	Fully involved but not all users are satisfied with role performance
+/Good	Partly involved and in a satisfactory way
+/Moderate	Partly involved but not all users are satisfied
+/Poor	User takes up the role but performs poorly
-	User is not involved

Step Three - Identify gaps and overlaps

Improvements to the current situation can also be made through an analysis of gaps and overlaps in roles, and to which extent users consider these gaps and overlaps problematic. User-opinion can be summarized in a table of gaps/overlap in organisation roles. Such analysis often asks: Is there a coordinated effort in managing the various roles to develop synergy amongst organizations? Is there a need for this analysis? What factors and organizations could improve the performance of particular roles? Such questions often lead to recommendations for improvement.

Table 3: Gap identification

Gaps in roles	Overlaps in roles	Users concerned

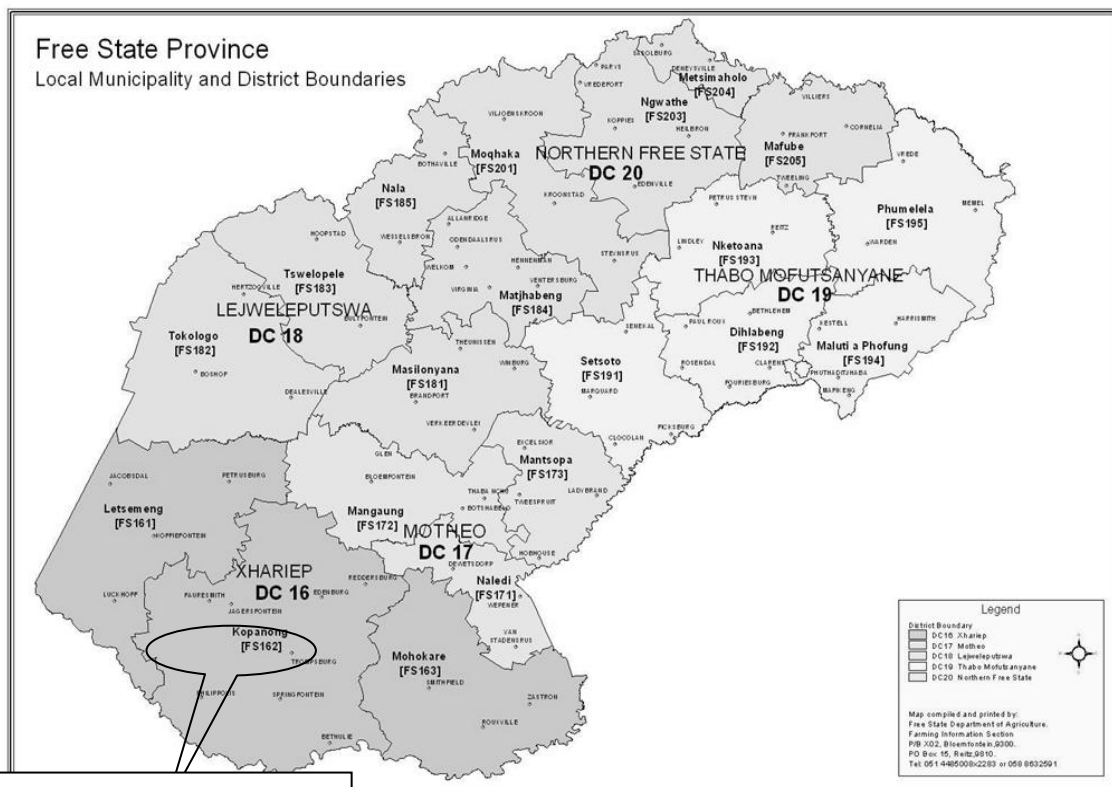
Case study: Lebebe Dairy

Background Lebebe Dairy

Lebebe dairy is a project on Lechabile, a 780ha farm also known as 'Kleinplaas', 7km from the small town, Jagersfontein (depicted in figure 2) in the Southern Free State Xhariep Province. It is one of the three projects situated on the farm, with the others being Kopanong Piggery and the vegetable producing Tswelang Pele Bomme.

Lebebe Dairy was started by a group of 12 men in the year 2000. The project commenced in 2004 with only 17 cows and a vision. After being granted land from the Kopanong municipality and funds from the department of Agriculture, they purchased 10 Friesland and Nguni cows and a bull, a cooler, milking machines, a refrigerator and feed. Further- more, in 2007 they received R3 million from the Department of Social Development. The milking parlour was then renovated and extended to accommodate 4 cows. They bought a tractor, some implements, office equipment, a delivery vehicle, a sausage machine and feed. The remaining funds were used as R500 monthly stipends for 2 years. Lechabile farm is registered as a closed cooperation and Lebebe dairy as a Non-Profit Organisation with the Social Development Department. (AEM Report 2009- compiled by Ms Boipele Seekoie)

There are 6 members left; 4 men and 2 women. Stickers for the project have already been made. They have received funds of R800, 000 from the Ilema Letsema 2009/10 budget, which will be utilized to make the dairy more viable as a business.



Jagersfontein: Lebebe Dairy

Figure 2: Jagersfontein Lebebe dairy

A summary of the formulated activity plan of Lebebe Dairy is presented in Table 5:

Table 4: Summary of Action Plans Lebebe Dairy

Category	Activity	Responsibility	Date	Measurables	Outcome
Milk production	Qualitative improvement of herd	Project members (Manager)	01/12/10	Increase milk volume milk twice daily	To produce more milk Sour milk Yoghurt and Cheese
Training	Yoghurt and cheese	Service providers	01/12/10	Value adding products	Good quality yoghurt and cheese
Market	Identify market Document market plan Implement plan	Project manager Economists Mentor	01/12/10	Mass transport and distribution of products	Viability of dairy as a business better market

Stakeholder Analysis at Lebebe Dairy

To undertake the analysis we will be using action plan table, action plan number one.

Table 5: Action Plan

Category	Activity	Responsibility	Date	Measurables	Outcome
Milk production	Quantity and improvement of herd	Project members (Manager)	01/12/10	Increase milk volume milk twice daily	To produce more milk Sour milk Yoghurt and Cheese

Summary of the stakeholder analysis

Table 6: stake holder analysis table

Present Role Organisation	Financial Support	Research	Input supply	Marketing	Facilitation of technology development
Department of agriculture	++	+ poor	++	+	+
Extension officer	-	++ good	-	++ good	-
Centre of Excellence	-	++ good	-	++ good	++ good
Research Department of agriculture	-	+	-	-	+

Training division of project	-	-	-	-	-
University of Free State- Vet & Experimental farm	-	++ good	-	-	++ good

Table 7: Summary of the stakeholder analysis

Present Role Organisation	Overlaps in roles	Users concerned	Comments
Coordination of the projects activities	Research	Extension office	Complement each other
Excellence model implementation	Marketing	Centre of Excellence	Complement each other

Conclusion

The Agribusiness Excellence Model as performance measurement tool does provide insight into an agribusiness and thus identify gaps in critical area in a given point for an agribusiness. Through the assessment of the model at Lebebe dairy, milk quantities yielded of were identified as an area of improvement and concern because without milk the enterprise practically does not exist. Thus relevant stake holders were identified and their role through the assessment of the model was clear, to improve milk production.

The stakeholder relationship that exists for the benefit of Lebebe is of importance for its success, because the University of Free State through the experimental farm is capacitating members of Lebebe dairy, thus complementing the work done by the extension officer. Partnership not only on technical issue will become increasingly important for South African.

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