

# Growing a Business in a Changing World

## Grasslands Agriculture

### South Africa



# South Africa

34° South 24° East





1950's Father reads "Grasslands of New Zealand" by Sir Bruce Levy - vision to farm with low cost pastures.



1967 Purchase 170 ha block of  
overgrown land in the Tsitsikamma





# GRASSLANDS TODAY



# OUR CHANGING WORLD

The background consists of a large green square on the left and a white square on the right, separated by a thin green border. Faint, stylized Chinese characters are visible in the background. The characters '世界' (World) are written in white on the green square, and '变化' (Change) is written in green on the white square.

1990



# POLITICAL ENVIRONMENT

- 1994 first fully democratic elections
- Post “revolutionary” politics
- Redress the wrongs of the past
- Poverty eradication
- Job Creation
- Farmer friendly to consumer friendly gov
- Business friendly to labour friendly gov
- Re-join the international community

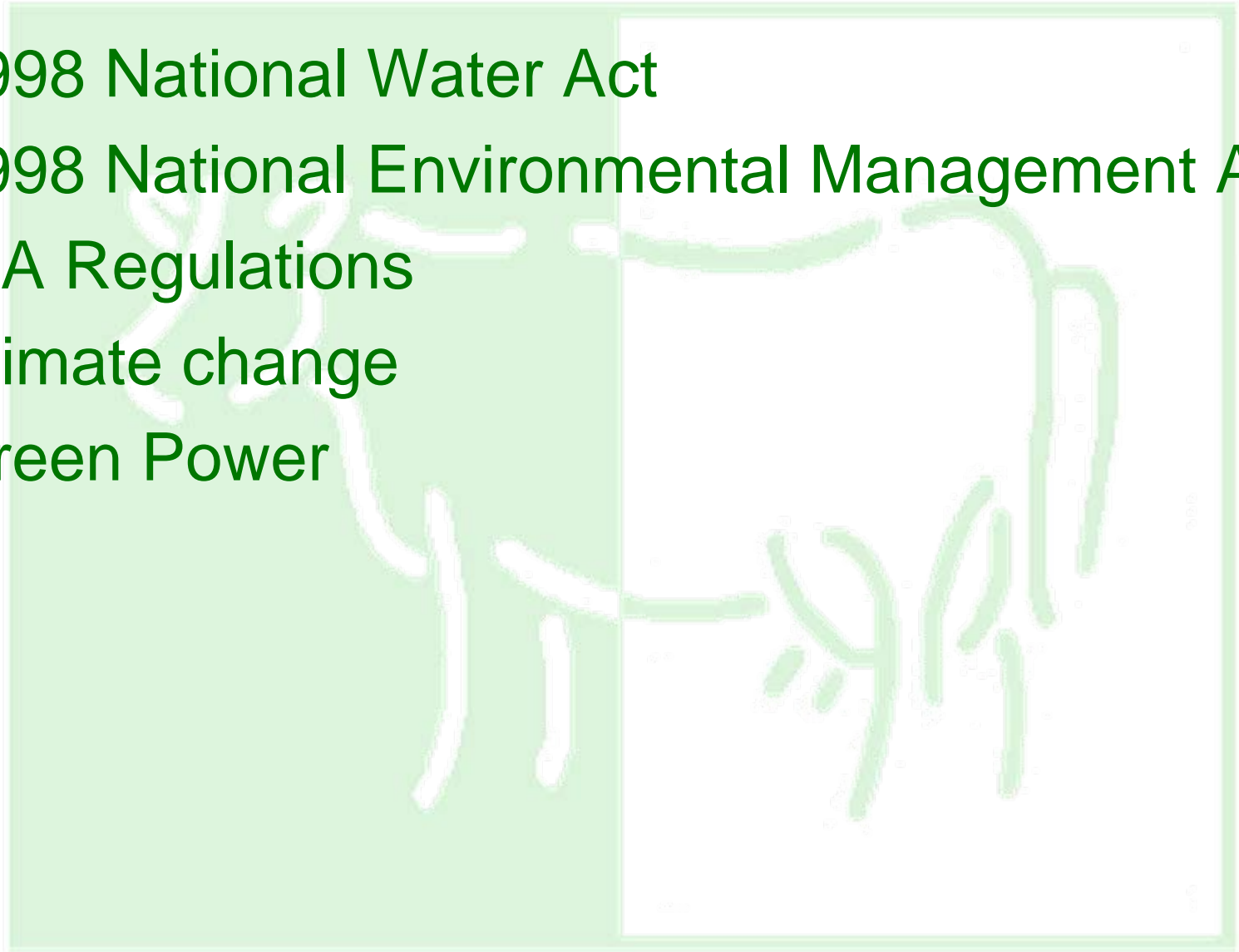


# LEGAL ENVIRONMENT

- 1995 – Labour Relations Act
- 1996 – Land Reform Act - 30% by 2014
- 1997 – Security of Tenure Act
- 1997 – Basic conditions of Employment Act
- 2001 – Capital gains tax
- 2003 – Black Economic Empowerment Act
- 2007 – Agri BEE charter
- 2008 – Companies Act
- 2008 – Consumer Protection Act
- A number of green papers - Land reform et al.

# NATURAL ENVIRONMENT

- 1998 National Water Act
- 1998 National Environmental Management Act
- EIA Regulations
- Climate change
- Green Power



# ECONOMIC ENVIRONMENT

- Dairy Control Board Abolished - Milk is Milk
- Part of global economy - imports
- Growth - post sanctions then commodities boom
- Credit crunch/dot com bubble/9-11
- Demand for cheap food – little tariff protection
- Interest rates 9-25%, Ex Rate R3-R13 /US\$ now 7
- CPI targeted 3-6% but was higher
- Last dairy co-op listed in 2010
- Domestic market – imports disruptive - Exch rate
- Powerful retailers



# SOCIAL ENVIRONMENT

- Poverty
- Poor quality education
- Poor national health service
- Crime
- High unemployment
- Growing middle class
- Aspirations to city life
- Both First world and Third world society

# TECHNICAL ENVIRONMENT

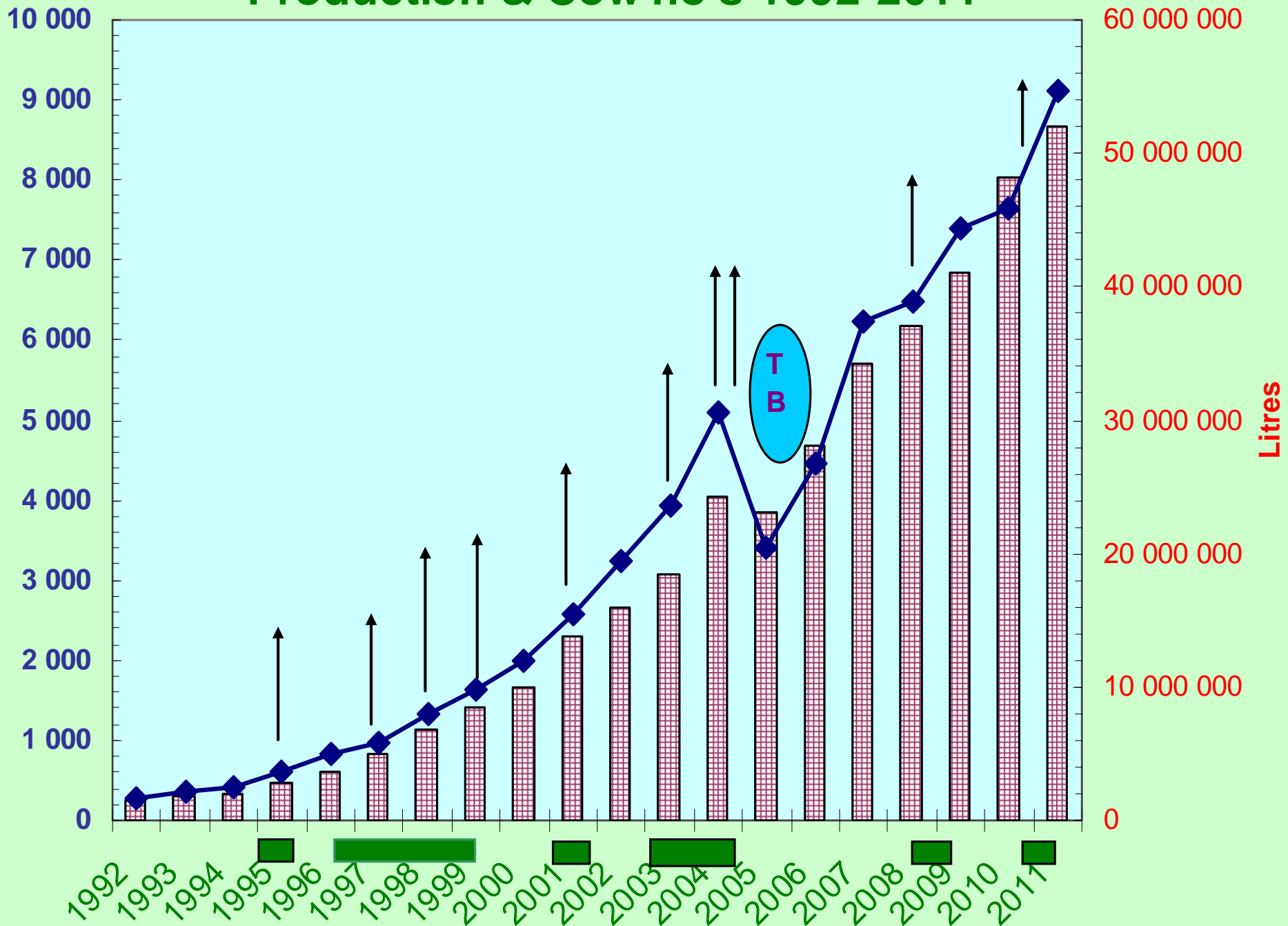
- Very little local Research
- Extension - subsistence/emerging farms
- International Research available - Must know who what to ask
- Subscribe to international journals and periodicals
- Suppliers sometimes slow on technology uptake
- Legislative restrictions on registering varieties/animals

# **GRASSLANDS AGRICULTURE**

1990-2011

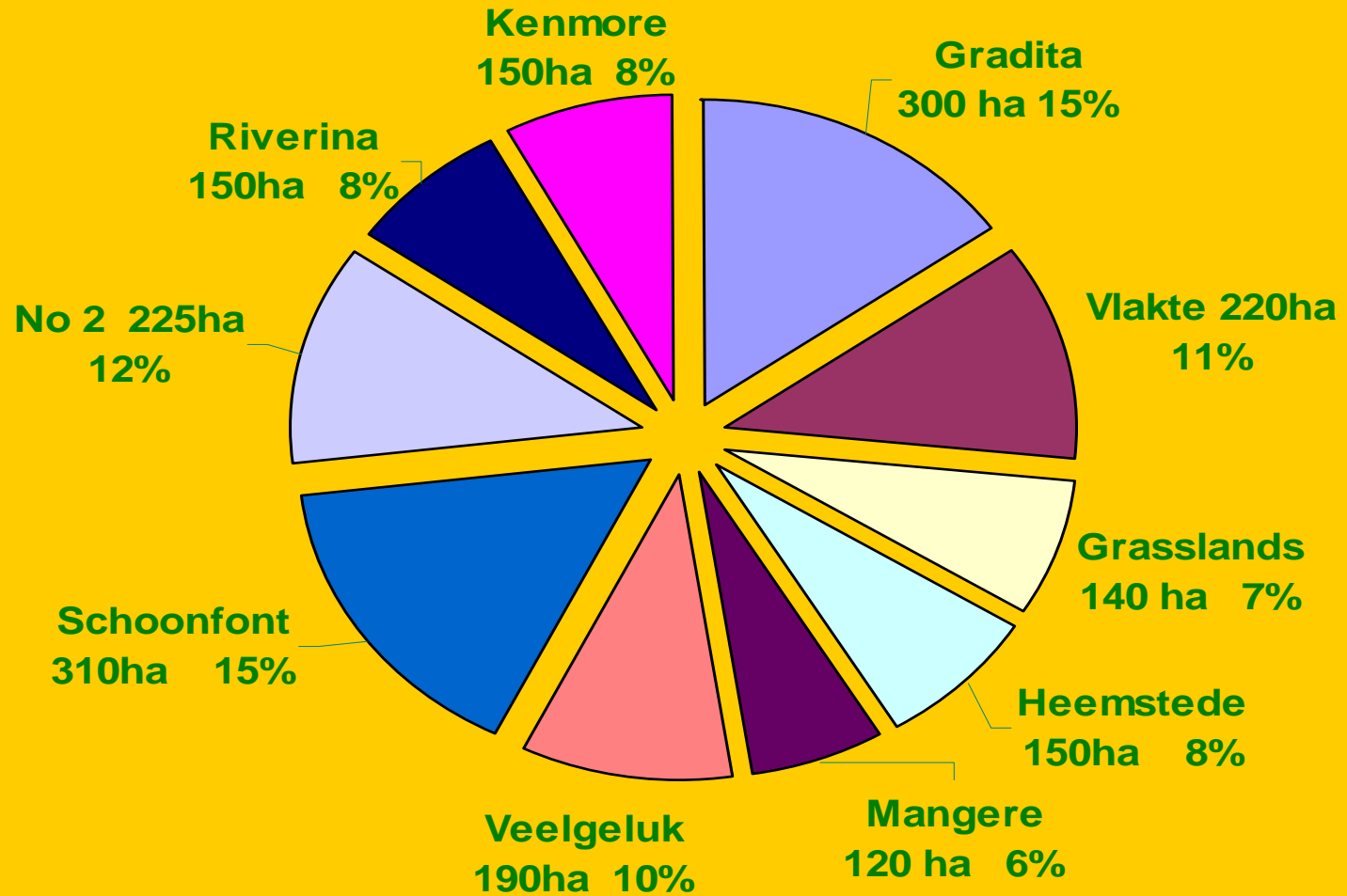


# Production & Cow no's 1992-2011



# Total pasture area

Pastures 1 955 Ha



# Grasslands Agriculture Today

- 10 Farms
- 9000 milking cows
- 4000 followers
- 126 employees
- 50m litres of milk



# WHAT DIFFERENTIATED GRASSLANDS

- Technology & Innovation
- Stick to basics – High Quality Pasture
  - » - High Genetic Merit Cows
  - » - Pasture Eaten Directly
  - » - Seasonal??
- Clear Strategic plan
- Good Systems
- Skills Development
- Opportunities – luck



**INNOVATION**

# INNOVATION

- Innovation is the specific instrument of entrepreneurship. The act that endows resources with a new capacity to create wealth.  
- Peter Drucker
- "There's a way to do it better—find it." - Thomas Edison

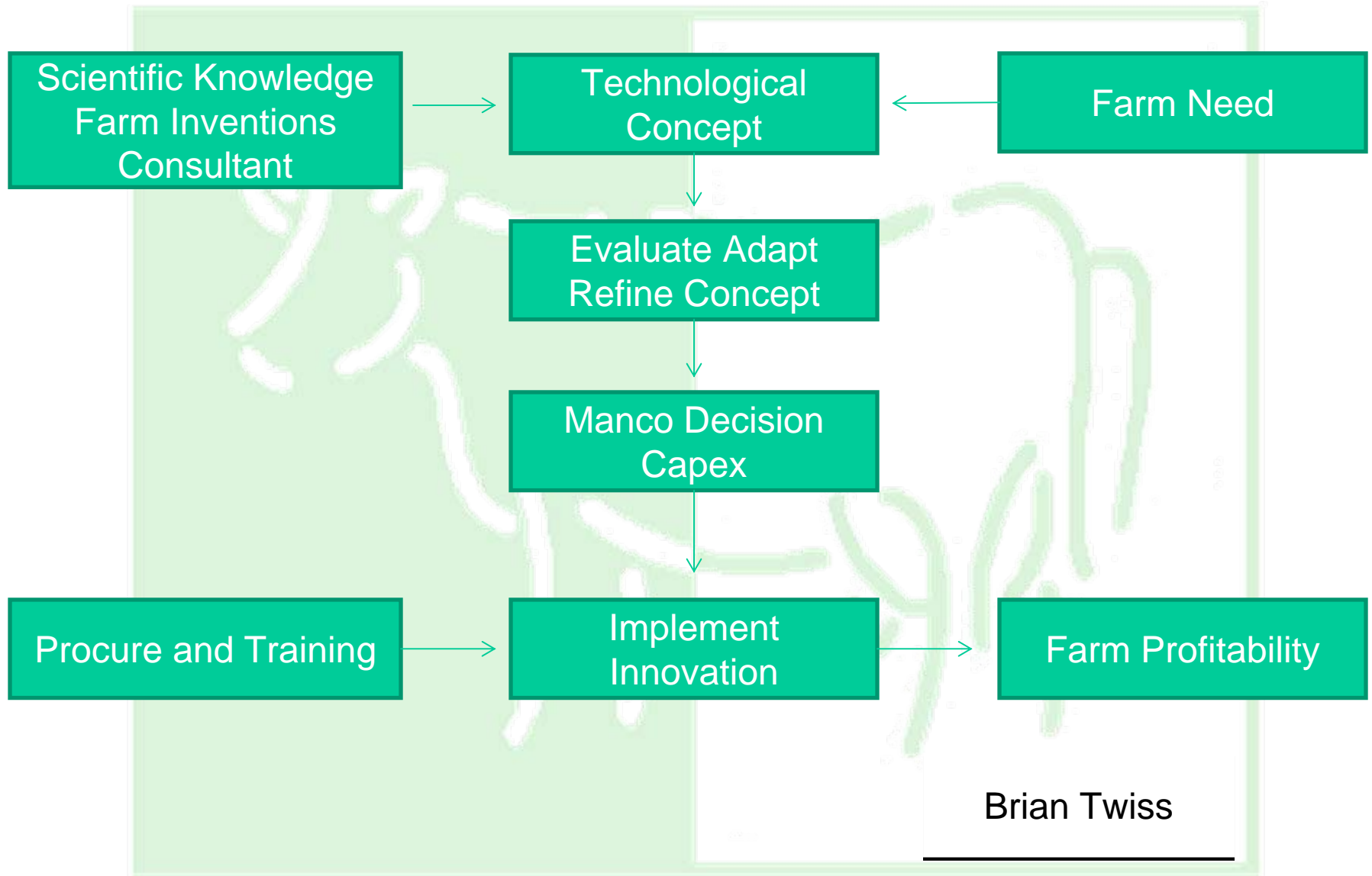


# PROCESS OF TECHNOLOGICAL INNOVATION

- A Unique chronological process involving science, technology, economics, entrepreneurship and management is the medium that translates scientific knowledge into the physical realities that are changing societies

James Bright

# INNOVATION PROCESS AT GRASSLANDS




# HEARING GRASSHOPPERS JUMP

- Almost all the ideas we have implemented at Pick 'n Pay, we learnt from others. We are not clever people at Pick 'n Pay. Keep your ear close to the ground so that you can hear Grasshoppers jump.

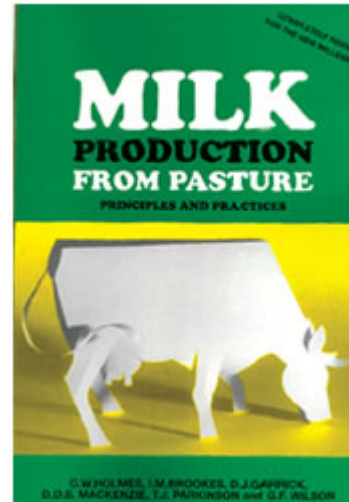
Raymond Ackerman 30 March 2006



# **ACQUIRING SCIENTIFIC KNOWLEDGE**

The background features a large, light green square on the left side. Overlaid on this square and extending into the white area on the right are several thin, white, curved lines that resemble stylized, abstract representations of DNA or molecular structures. The overall design is clean and modern, with a focus on the central text.

# READING



# Managers off to NZ



# SA LARGE HERDS CONFERENCE

Started in 1999 bringing technology to SA dairy farmers





# INNOVATIONS

GRASSLANDS

# Pasture proven genetics 1984





# Pasture Management

## 1988 - Import No-till planters from NZ



# 1992 - Large Bore direct to pipeline swingover





# MANAGING KIKUYU

1996 - visit Prof Bill Fulkerson - Wollongbar





# Pasture Management Grazing Consultant from NZ - 1999





# 2004 - Land Reform using Sharemilking

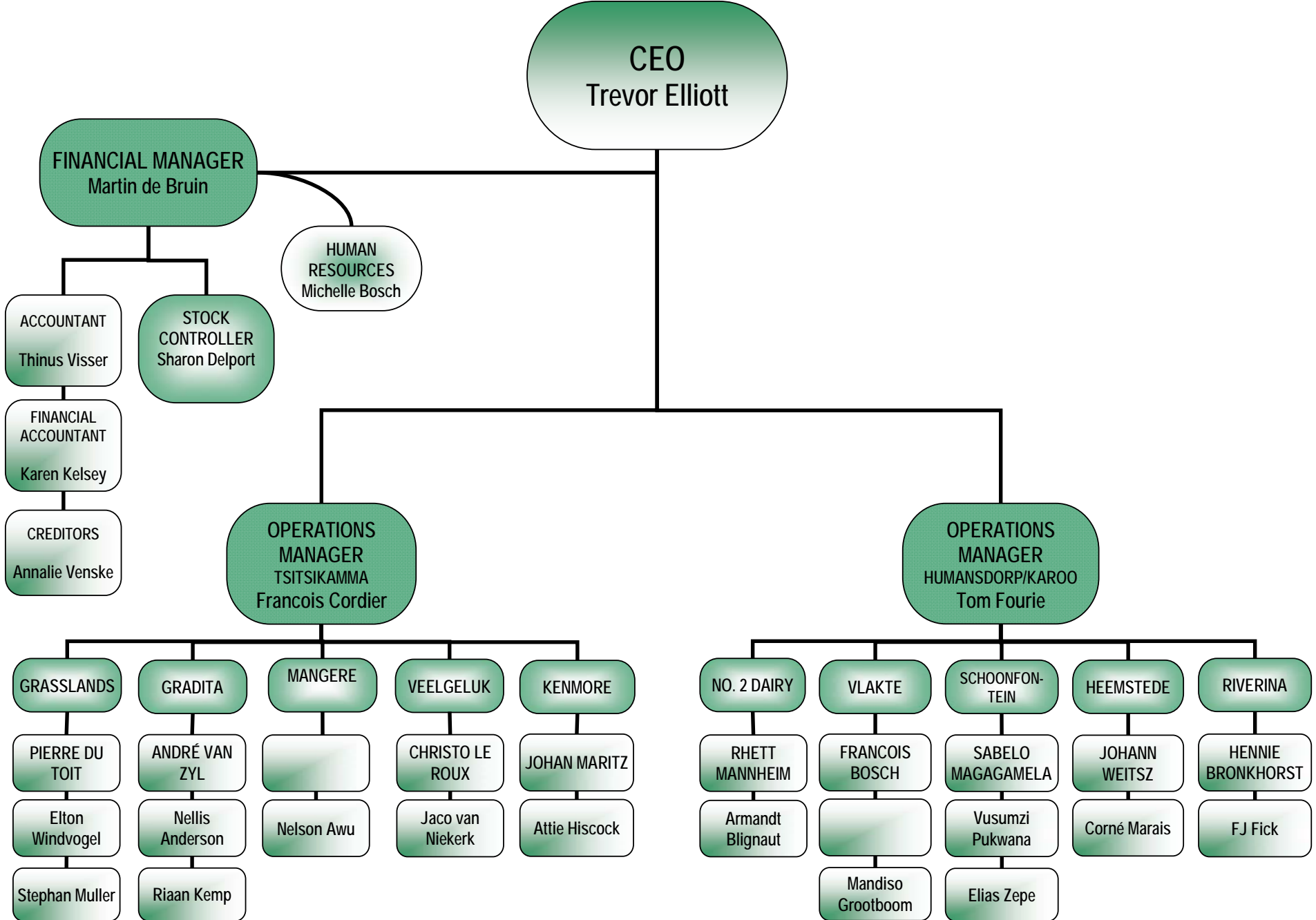


# Monthly Innovation - Moses Award

Encourage all staff to innovate - Henry Ford if you hire a man for his hands his head also comes along







# FUTURE INNOVATION

*“Many small cumulative improvements in all farm components will be combined and integrated into whole farm systems to produce significant total gains”* **Prof. Colin Holmes**

# FUTURE CHALLENGES

- More legislation on land reform, tenure and BEE
- Ownership models – BEE Scorecard
- Demand for food and food security
- Management structure
- Management Incentive
- Recruitment swop MBA for Bsc Ag
- Has Agriculture been re-rated as investment prospect