



Executive Education Unit
Leaders in Management Education



SUBMISSION ON THE SENATE INQUIRY INTO HIGHER EDUCATION AND SKILLS TRAINING TO SUPPORT FUTURE DEMAND IN AGRICULTURE AND AGRIBUSINESS IN AUSTRALIA

Prepared For:

Senate Committee for Education, Employment and Workplace Relations

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Company Information

SOS

The vision of SOS is to help grow small-to-medium agribusinesses and create economic advantages for the rural and regional communities in which these organisations are based.

Our mission to achieve this is to provide a range of professional services that deliver the world's latest in innovative management thinking to small-to-medium agribusinesses in Australia.

These professional services are in the form of:

- Access to a peripheral workforce that provides short-term management resources through the use of specialised interim managers;
- A high-calibre management development pathway for middle-to-senior leaders and professionals in agribusiness;
- Organisational performance management tools to help agribusinesses implement strategy through their people, and;
- Alternative business ownership and investment structures to achieve the new technologies and scale required for growth and expansion.

SOS is the first management company of its kind dedicated to assisting small-to-medium agribusinesses in Australia achieve their strategic goals by adopting the latest innovations in management theory and practice.

Executive Education

The Executive Education Unit of The University of Adelaide, one of the world's finest learning institutions, is the premier provider of management development programs in Australia.

For over 20 years the Executive Education Unit has developed considerable experience in designing and delivering high-level management and leadership development programs. It continues to build on its tradition of innovative and effective program delivery.

The Executive Education Unit specialises in building on the technical expertise of middle and senior managers with programs designed to expand the core management capabilities needed by all leaders. It offers the latest in innovative management theory and practice through dynamic, interactive programs to managers.

Executive Education has considerable experience in delivering face-to-face management education tailored to middle and senior managers and professionals.

Recommendation

Research indicates that the Australian agribusiness industry is in the direct firing line of a major skills deficit because it has not taken the preventative measures required to safeguard against the drain of talent that has been occurring; other than to continually talk about it.

The problem for the day-to-day person in the agribusiness industry is that rural media has thrown a blanket headline over the issue; which means at times the discussion and debate is less than effective and often left unresolved, because the root causes of the situation are not understood and it is only the symptoms that are talked about.

Is it a skills (talent/experience) shortage? Is it a shortage of labour (bums on seats) units? Is it a graduates (succession planning) shortage? Is it a qualifications (leadership management) shortage?

Other research strongly suggests that the most effective strategy available to mitigate the effects of a skills shortage is to further develop the skills of existing employees.

In this submission we are talking about the need to upgrade the leadership and management capabilities of existing employees in agribusiness, so that they have increased capacity, are more effective and productive and therefore more profitable in their respective roles, as part of the wider Australian agribusiness industry community that is striving to remain globally competitive.

The impact of the lack of successive management and leadership development occurring in the industry answers each TOR in some way.

***Recommendation:** to create and implement a business development program that encourages small-to-medium agribusinesses located in rural and regional Australia, to commit new strategic spending of their own, towards developing skills internally that is matched dollar for dollar by the Government, as per other existing business development programs that currently operate in the same manner for these organisations e.g. export market entry development, commercialisation development.*

***Reason:** targeting the development of existing employees with this type of assistance is the greatest point of leverage for quick results regarding the issue of skills shortage and therefore the greatest return on investment for money spent by all concerned.*

What was once considered a luxury spend for many small to medium agribusinesses, management up-skilling is now a minimum requirement just to survive

The Issue

It is common knowledge that too many young people have exited or chosen not to begin a career in the agricultural industry. As generations go by this has been creating a shortage of educated young professionals moving up the ranks in agribusiness organisations.

Agribusiness owners and operators are becoming aware that, if this issue is left unresolved and their business process is unproductive, they will not be able to maximise the future opportunities of the rapidly emerging food and fibre boom.

Small-to-medium agribusinesses are now desperate for more innovative methods of resourcing skill gaps in their human capital at the business management level, without the commitment to continual recruitment expenses.

Human capital in the industry has been treated as a non-strategic cost rather than an asset. Consequently, as the industry calls for more innovation out in the paddock, a silent epidemic has been hurting the productivity of the industry back at the office. Unfortunately, the office or the boardroom is very rarely (if at all) considered when the industry talks about increasing productivity.

What's the cost?

Many small-to-medium agribusinesses will miss the chance of truly maximising the opportunities of the rapidly emerging food and fibre boom, because the industry was unable to mobilise the succession of workforce and leaders required to take it on, in an increasingly sophisticated and complex globalised business environment.

In fact, many agribusinesses will not survive at all.

Attracting and developing the next generation of talent is the biggest priority for the Australian agribusiness industry. So where will our next generation of agribusiness leaders come from? Many organisations are faced with the realisation that they will have to spend the money to develop the next generation from within their existing pool of people. That is the area of need the Government should be considering, to support the resourcing challenges these agribusinesses face.

Historically, the focus of much assistance delivered to the agricultural industry has been at the primary production stage. However, many agribusinesses have moved from feeling the pinch outside, to feeling the pinch inside. As productivity restores itself outside, many agribusinesses are finding that they are still unable to maximise their opportunities, because their total business process is not functioning properly because of the skills shortage.

Small-to-medium agribusinesses need help to keep costs down, minimise risks, avoid mistakes, find new ideas and improve performance or recover quickly.

As increased primary productivity expands the total output of these agribusinesses, it inevitably puts added pressure on existing management output and is further exacerbated by in-house skill deficits. This is happening from the mum and dad agribusinesses through to the big corporates. Productivity

has been lost in a number of areas over the years whilst the consumption and demand of value added primary products have escalated dramatically.

As global productivity strives to meet expanding consumer markets, those countries with the fittest human capital in their agribusiness industries will be the first to take advantage of the opportunities.

Our concern is that many small-to-medium agribusinesses currently have no plan as to where all the people they are going to need will come from, to keep their Australian industry at the forefront of global supply and demand.

What is agribusiness human capital?

Human capital is the total value of knowledge and skill resulting from education, training and experience that existing people contribute to their role in the business process that will make them more effective and productive, therefore making the business and industry they work in more profitable.

Arguably, the biggest source of profit for any industry is its ability to be productive. This includes how the total industry process is flowing to markets and how effectively the day-to-day functions within the industry are being performed and managed by individual agribusinesses that operate in that space; as compared to overseas competitors.

Due to the lack of people moving up the ranks in the agricultural industry, many small-to-medium agribusinesses are striking problems in this area. If gaps appear in managing and leading the industry process and those gaps aren't plugged quickly, then productivity drops and the industry may stagnate.

By breaking through their traditional thinking, other progressive industries in Australia and abroad have worked out that when deciding which assets they will use to grow, investing in the development of their existing pool of human capital is most important.

There are some fantastic opportunities on the horizon for the Australian agribusiness industry; but for some owners and operators the current challenge of getting there is very daunting.

Investment in the area of management and leadership development is an affordable and effective solution for all involved. Effective management leadership is a vital ingredient for achieving the long-term success of the Australian agribusiness industry.

The Role of Management Education

There is an opportunity for non-award Management / Executive Education to play a significant role in developing the future leaders of the agricultural and agribusiness industry.

There is no doubt developing the competency based skills of those within any industry provides a fundamental foundation for that industry to meet the expectations of its customers. However, raising the core skills of existing workers is the minimum requirement for an industry to exist in the future rather than a source of competitive advantage.

If the agricultural & agribusiness industry not only wants to exist in the future but be in a position, both locally and globally, to prosper this will require a key additional element. That element is managerial and leadership capability. Whilst doing things right will always remain important, true value will be created by senior managers and leaders having the vision to ask if we are in fact doing the right things.

So what is capability?

Capability is an all-round human quality, an integration of knowledge, skills, personal qualities and understanding used appropriately and effectively- not just in familiar and highly focused specialist contexts but in response to new and changing circumstances. (Stephenson 2002)

If there was ever a statement that sums up what is needed to Support Future Demand in Agriculture & Agribusiness in Australia this is it.

The role of University based Executive Education is to develop innovative, thinking leaders with an understanding of core managerial capabilities. University non award programs provide the flexibility, speed and experiential learning opportunities needed to develop an increasingly important source of competitive advantage and a succession of future-focused leaders.