



Leading the Agriculture Industry into the Future

Few industries feel the impact of today's "VUCA" world — volatility, uncertainty, complexity and ambiguity — as much as agriculture. From the immediate pressures farmers face in growing crops and meeting consumers' changing tastes to the accelerated adoption of technology and long-term concerns about environmental impact, leaders are grappling every day with incredibly complex questions in a rapidly evolving industry.

To gain insights on the future of agribusiness and the elements of successful leadership within the industry, we spoke with dozens of global agriculture executives during the summer of 2020. In interviews that spanned the globe from Australia to North America and Brazil to Europe, and touched on the entire value chain — growers and producers, crop and livestock input manufacturers, food processors and traders, distributors, investors and agtech pioneers — the wide cross section of executives we spoke with shared a passion for finding a sustainable path forward for this crucial industry.

We held our interviews in the midst of the global COVID-19 pandemic; however our focus was on the industry's long-term strategic trajectory: the leadership agenda looking five, 10 and 20 years into the future. Indeed, even amid one of the most volatile and uncertain periods the world has seen in years, there is optimism within this industry not just about its response to the pandemic but also about its ability to endure what will undoubtedly be a rapidly changing world. For all the disruption of 2020, the agriculture industry continued to operate strongly and supply the global population with food; even as consumption shifted from restaurants to in-home, agribusiness was able to adjust.

So, while our conversations were colored by the disruptions during the pandemic, they focused largely on how the industry's leaders will manage what will inevitably be a VUCA world in the coming decades. They examined a variety of big questions facing the industry and its leaders: What are the attributes of the top leaders of tomorrow? How and where can the industry find those leaders today? How will the innovations and digital technologies already disrupting agriculture today affect both the industry and the needs of leaders going forward?

Sustainability and the future of the agriculture industry

The overarching goal of the industry remains the same as it has throughout human history: to use the fruits of the earth to feed the people of the world. What is becoming increasingly important is the quality of products feeding the world and the sustainability of the practices used to do it.

The feeding-the-world side of the equation is as complex as ever as the agriculture industry plays a central role. The global population is at about 7.8 billion people, of which an estimated 800 million may be living in hunger in 2020; at the same time, almost 2 billion people are overweight, according to a 2017 study in the *New England Journal of Medicine*.

The sustainability element, however, may be the most pressing issue, both in the near term and looking to the distant future, as farming's natural vulnerability to the vagaries of weather is combining with climate change to disrupt food production.

The industry itself is linked to many sustainability issues. Agriculture accounts for 70 percent of water use globally, according to the World Bank, and is considered a major source of air and water pollution. Land-use policies can also have an impact on the climate.

While agriculture companies across the spectrum are investing heavily in innovations to combat climate change, from seeds and inputs to digital technology and advances in reducing food waste, the fact remains that many agricultural livelihoods are just one flood, drought or fire away from ruin.

Ten years ago, I would have said the industry's goal was feeding the world. Today, the question is actually, "How do you feed the world without starving the planet?" The responsibility of every single one of us is not only to produce food, but also to create a better ecosystem for the whole world.

PONSI TRIVISVAVET
CEO, INARI AGRICULTURE

Agriculture industry leaders must maintain a delicate balance between production and preservation in an often-volatile debate that also involves governments, consumers and nongovernmental organizations. In many markets, government environmental regulations are forcing sustainable practices on the industry, while consumer demands for cleaner, more environmentally friendly foods as well as healthier diets are changing the landscape quickly.

"People are starting to spend more money on things that they think are good for the planet," said Adam Litle, CEO of Sound Agriculture, a Bay Area agtech company focused on soil health and rapid plant breeding technology. "There's been a change in the last few years where food and ag companies are feeling threatened if they aren't thinking that way, versus simply taking the traditional economic perspective."

The digitization of agriculture

These macro trends have pushed forward perhaps the industry's most disruptive trend: digitization.

On farms, nutrients, biotechnological advances, the Internet of Things, data analytics, GPS and artificial intelligence are all aimed at boosting yields and maximizing profitability, while robotics and automation are transforming harvesting and helping to both improve conditions for and reduce the need for human labor. In supply chains, blockchain and traceability are revolutionizing how supply chains operate, while digital tools are bringing rapid efficiency enhancements to traditional paper-based processes. And downstream — particularly in the wake of the COVID-19 pandemic — e-commerce has become a critical capability and sales source.

For example, at Nutrien, the giant Canadian-based global fertilizer company, COVID-19 led to a dramatic increase in online sales for a company with hundreds of physical stores worldwide. The company expects to double its full-year digital sales target before the end of the year. “Our model is unlike any other, which is why it works,” said Mike Webb, Nutrien’s CHRO. “It’s the trifecta of our digital tools, our in-house agronomy team who work directly with farmers to help make science-based decisions, and the support from our bricks-and-mortar stores that uniquely positions us to lead the digitization of agriculture.”

The company is rapidly modernizing in a way with deep benefits for both Nutrien and its customers.

“Digital adoption for agricultural distribution is good for Nutrien, it’s very good for our farmers, and it’s also very good for the suppliers that do business with us,” Webb said. “Because they have more data, you’re able to move more quickly, and make decisions grounded in insights and science.”

Meanwhile, Scoular, the Nebraska-based agricultural commodities company, spearheaded the creation of Roger LLC, an independent

collaboration among rival shippers — Scoular, The Andersons Inc., Cargill, Consolidated Grain and Barge Co., and Koch Fertilizer — that replaces inefficient paper-based processes with a new digital tool.

“When you look at companies and the impact of technology, it calls for you to challenge yourself in how you think about competition — and what’s the real competition,” said Paul Maass, Scoular’s CEO.

Stefano Rettore, former president of Archer-Daniels-Midland’s origination division, said that collaborations like this will be necessary as the industry digitizes.

“Historically, cooperating even for the good of the industry was not part of the mindset, because information was so tightly controlled,” Rettore said. “I think the agriculture industry has to collaborate to adapt to current needs, for example in terms of sustainability or visibility with customers, so that the industry is modernizing while players can continue to aggressively compete.”

The agriculture industry has other historical impediments that can slow change. For one, new agriculture technologies typically take much longer to develop, test and implement than in other tech-focused businesses, and attempts to push change too fast can prove to be detrimental to long-term success. Long-standing processes can get pushback from existing players whose roles are either altered or imperiled by new technologies.

All told, innovation in agriculture requires a particular foresight and patience from its leaders.

“You must have leaders who understand that building competitive advantage will happen through technology,” said Guy Wollaert, former chief technology and innovation officer at Coca-Cola.

Finding successful leaders in agriculture

The big question for agriculture's future, then, is around its people. Who will be the leaders carrying the industry forward? And who will actually be growing the crops that feed the world?

One key element of the people issue relates to those who own and operate the farms themselves. From working conditions to land farmers across the world have serious questions not just about how they will survive today's challenges, but also who will take over — a family member, an investor or even a real estate developer — once the current generation bows out.

“The challenge is making high-capital-investment bets when you don't know who your ownership is going to be in the next generation,” said Harry Overly, president and CEO of Sun-Maid, the California raisin cooperative.

Meantime, boardrooms and C-suites are where the most important strategic decisions are being made. Creative, innovative, passionate guidance from the top is imperative to powering the industry forward. It can be an admittedly rare combination to find, many interviewees agreed.

“The winners in the next 20 years will blend those two worlds — historical knowledge and technology,” said Daniel Sachs, general manager at Solum

You have to think much more broadly end-to-end, both upstream and downstream. You have to be curious today to be relevant in the future.

GUY WOLLAERT
FORMER SVP AND
CHIEF TECHNICAL AND
INNOVATION OFFICER,
COCA-COLA

Partners, an agriculture and food investment management firm. “The future is combining the family that has been there forever, has known that land forever, and can make split-second decisions when things are varying, but has the knowledge gained from analytics and artificial intelligence.”

So, how will the top leaders of tomorrow succeed?

Respecting the past — with passion for the future

An understanding and passion for agriculture was a common thread among all of the leaders we spoke with. At the same time, they also recognized that in order to feed a growing population on a changing earth amid changing dietary habits, the industry must embrace innovation and change.

Fabio Venturelli's experience at São Martinho is one example of how to this balance between past and future can play out. For his company, the past was a point of pride, as the founders a century earlier had built a large, successful company from scratch. But, an entrenched culture among recent generations forced the company after a successful IPO to ensure forward-looking innovation — the goal was to continue to aim for the impossible. When Venturelli joined the company as its CEO, he immediately recognized the need to modernize his team by selecting new members who could drive innovation. And the board decided to add independent directors who could challenge the company to think differently, as they would offer new perspectives. The result was a reinvigorated culture of innovation that brought increasing results in the near term and optimism for the long term.

“The board brought an independent board member and a new CEO (me) from other industries, because we didn't know what it used to be, we could only think about the future,” he said.

“The other thing that was really critical is to make sure my executive team would be composed of people with a passion for the impossible — for thinking outside the box, for believing that we can do anything.”

Creating a culture of curiosity

Leaders must actively seek solutions for the future, understanding their own context within the value chain but unafraid to look well beyond it for innovative solutions. The insights can arm top leaders with the ability to achieve their most relevant priorities.

However, that curiosity, along with the passion mentioned above, must trickle down from the top levels throughout the company. As is the case in other rapidly changing, innovation-heavy industries, it is imperative to create a corporate environment where risk-taking is tolerated. Considering that the agriculture industry has such deep roots, there can be a natural cultural aversion to risking the short term by placing long-term bets.

"You've got to be okay with failure; usually things will work out," Adam Litle said. "I think people are a little too risk-averse sometimes — and that's understandable — but you've got to change the culture so that instead of seeing a boogeyman at the end of something, you see that there are actually a lot of ways to succeed."

Most businesses in this industry operate the same way they did 20 years ago. There are many ways that technology can help, and what has happened during COVID has shown us the potential.

ANDRE DIAS
CEO, NUTRIEN BRAZIL

In the past, leaders may have only seen the need for advanced expertise within their own segment of the value chain. But leaders and their teams can often find strong solutions well outside of that comfort zone.



Embracing and enabling change

With digital technology making a greater impact, boards and executive teams must understand its potential and impact, leading with flexibility and adaptability. The leader of the future will have an acute sense of what consumer trends are, and how technology and innovation will succeed.

Molly Hemmeter, who serves on several boards in the agriculture industry and was previously CEO of Landec and Curation Foods, said the key was being able to “lead with vision” in order to maintain current production while also investing in the future.

“The challenge is to build a team that can transform and perform at the same time,” she said. “You’ve got to create transformation while simultaneously delivering results from the traditional business, because you can’t stop feeding the world or delivering the bottom line.”

This vision is also necessary at the board level, said Maxim Basov, CEO of Rusagro, one of Russia’s largest agriculture companies.

“Boards should be diverse, in terms of knowledge and background, so you ensure a wide variety of perspectives,” Basov said. “Also a diverse team is hard to manage, so you need a chairman with the ability to work with this kind of group.”

Drawing in wide experience

It’s still common within agriculture for a person to find his or her place within a particular sector, and then work up from there within that spot. But a quick look at the résumés of many of this industry’s leaders today shows that a diversity of experience, both in terms of roles and industry or sector background, is already becoming a common leadership trait in agriculture.

As the industry evolves, embeds technology and embraces disruption, the executives we spoke with felt confident that this breadth of experience would be increasingly valuable. Agribusinesses should not be afraid to look outside their industry segment — or outside the agriculture industry itself, in similarly complex industries like pharma, healthcare and financial services — for people to lead them forward.

Scoular’s Paul Maass said that the Roger LLC collaboration was sparked by an immersion that several Scoular executives did in Silicon Valley.

“Things are evolving so fast that if you’re only looking within your four walls or just within your industry, that can be a limiting factor to innovation,” Maass said. “Immersing themselves in an outside environment really opened up their thinking, helped them think differently about what solutions could look like.”

Successful leaders have to have the ability to reconstruct and deconstruct themselves, to do it speedily, and to be able to draw on examples from other industries.

STANLEY RYAN
PRESIDENT AND CEO,
DARIGOLD

There is a purpose and a mission that resonates in ag — with extremely exciting, cutting-edge innovation occurring. As we think about attracting younger generations into agriculture, we must create opportunities that connect to that deeper purpose while providing ample room for the innovation and entrepreneurialism that will guide our future.

MOLLY HEMMETER
STRATEGIC ADVISER,
PLANTED PLACES;
FORMER CEO, LANDEC
AND CURATION FOODS

Inspiring the next generation

“The purpose of this industry is feeding humanity,” said G.J. van den Akker, retired head of supply chain at Cargill, echoing a sentiment shared by nearly every person we interviewed regardless of sector or region. There is, is clearly an optimism within the agriculture industry about the important, fascinating work going on and its prospects for achieving its mission.

To achieve this lofty but earnest goal, the industry should strive to draw a younger generation of leaders clamoring for the opportunity to find a career path with a higher meaning. Not only can it be meaningful work, but between the myriad industry advances over the past several years and its central role in a VUCA world, it is also be remarkably interesting and rewarding work. The disruptions we’re seeing today may have seemed outlandish just a decade ago; the next 20 years of innovations and advances are probably impossible to imagine today as well.

With passionate leaders who have the courage and willpower to innovate, this industry can meet its immense promise and its important goals.

Interview participants

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- » **Stanley Ryan**, President and CEO, Darigold
- » **Daniel Sachs**, Managing Director, Solum Partners
- » **Rodrigo Santos**, Regional Head of Latin America, Crop Science division, Bayer
- » **Robert Spurway**, Managing Director and CEO, GrainCorp
- » **Judith Swales**, CEO, Asia Pacific, Fonterra Brands
- » **Andrew Thomas**, CEO, WISERG
- » **Ponsi Trivisvavet**, CEO, Inari Agriculture
- » **Gert-Jan (GJ) van den Akker**, retired Head of Supply Chain, Cargill
- » **Fabio Venturelli**, CEO, São Martinho
- » **Adam Waglay**, Co-Founder and Co-CEO, Butterfly Equity
- » **Michael Webb**, EVP and Chief Human Resources and Administrative Officer, Nutrien
- » **Guy Wollaert**, former SVP and Chief Technical and Innovation Officer, Coca-Cola
- » **Jing Wu**, former CFO, Cofco Resources
- » **Andrey Zarur**, Co-Founder, President and CEO, GreenLight Biosciences

SpencerStuart

AUTHORS

Stefan Scott (Calgary), **Tom Seclow** (San Francisco), **Seb Stoove** (Chicago)

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