

Mega Trends Driving Agribusiness Regulation

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Almost all cooperatives have made major investments to comply with regulations during the last 10 years. Proposed regulations are always a hot topic at industry meetings. Despite the impact of regulations on our cooperative firms, few managers or boards try to anticipate tomorrow's regulatory environment. We spend much more time discussing tomorrow's technology than tomorrow's regulations. Forecasting any particular regulatory change is almost impossible. However, there are mega trends in regulations that cooperatives can consider. Some firms in other industries have taken this approach. For example, electric utilities have for many years identified the mega trend (and negative trend) in the regulation of coal fired generation plants. Financial institutions including credit unions have identified similar mega trends involving additional disclosure and increased risk management. Here are my thoughts on the mega trends impacting the agribusiness regulatory environment.

Fussier consumers: consumers will be empowered by what they consider information and have more demands about how their food was produced. They will want what they perceive as healthy, nutritional, clean, green and ethically produced products. Retailers will conclude that the consumer (fussy or not) is always right and the challenges of meeting what the consumers perceive they want will flow down the supply chain.

Environmentalism's Influence will Grow: We see crop inputs,. An increasingly urbanized population sees potential environmental degradation. The complex web of regulations relating to crop protectants and fertilizer will increase. In the future, scale and efficiency in input supply may as much to do with compliance as logistics.

Water is for regulating: Water will be the next scarce resource. Every sector will begin to talk more about their "water footprint" and we have more public dialog about the true costs and value of water. The past track record suggests that the agricultural sector will be the net loser.

Climate change: Forget the battle between believers and skeptics. The climate change issue will continue to drive policies that have economic consequences. The global food system from fertilizer manufacturing to food storage and packaging is calculated to be responsible for one third of all human-caused greenhouse gas emissions. Agricultural producers and cooperatives can anticipate getting caught in the cross fire.

Sustainability: The Harvard Business Review identified sustainability as the next business mega trend so is hard to leave off the list. Almost every major corporation has sustainability goals and sustainability indexes are flourishing. In management we measure because we want to create changes. In policy we create changes because we measured.

Those are just my thoughts on policy related mega trends. You probably have your own. Each mega trend provides opportunities as well as challenges. The trick is learning how to incorporate those mega trends in your strategic planning process. I'll address that in my next newsletter.. .