Innovative approaches of family-based agricultural businesses: a case study of Northern NSW Coffee producers

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Overview

• Family based businesses important for the Australian economy
• Family businesses operate with a strong family orientation
• There is an emphasis on achieving personal goals as opposed to economic goals
• This paper presents findings from a research study investigating the motivations choosing coffee production in Northern NSW
• Two distinct business approaches are identified.
Background

• Research comes from a preliminary study undertaken as part of a PhD study of Northern NSW Coffee growers
• Interest in the role of the family in the growing, production and marketing of coffee and efficiencies in coffee growing regions of Australia
The study

• 9 case studies of family-based coffee growing businesses
• Growing, roasting & marketing
• Included small (<10,000 trees), medium and large (20,000+ trees)
• 1st, 2nd and 3rd generations
• 7 male & 4 female
Coffee Growing

• Coffee growing a valuable primary product internationally
  – Huge value as an export commodity
  – Large employer of labour

• Australia is a net importer
  – Highly mechanised
  – No exports
  – Produced 600 tonnes (imports 45,000)

• Northern Rivers
  – Started in the 1980’s
  – 150 mainly small growers, 4-5 large (60+h)
  – 550 hectares under cultivation in the region
Family-based business

• “a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families”
Family-based business

• Family businesses different
  – Resource deployment
  – Creation of advantages
  – Views of business length
  – May accept lower returns for lifestyle
  – May create ‘jobs’ for the family
Innovativeness

- More innovative – more successful
- Family businesses need for innovation
- Industry also needs to be innovative
- Seedling give-a-way and buy-back to ‘kick-started’ the industry
Findings

• Business start-up: Macadamias vs Coffee

“We moved up to the area about eleven years ago and always wanted to grow a crop so we researched whether it would be macadamias, avocados, mangoes or coffee, and we decided on coffee”
Start-up

• Rational vs emotional

“The decision we made to get into coffee as a family business I guess was one which was very commercial, which was about making money, okay. So it wasn’t a retirement plan, it wasn’t a change in lifestyle, it wasn’t how do we use our farming land”
Start-up

• Development of the business model
  – Grow, roast, market

"there is a fair bit of work in harvesting and
the return if you just harvest the coffee and
sell it as dried green bean the return was
pretty low, so we thought we would add
value"
Work Roles

• Defined roles
  – Administration (Female)
  – Farm work (Male)

• Sharing of roles during peak periods
  – Harvesting
  – Event/marketing operations
Business Goals

- Lifestyle (hobby farmers)
- Investment (commercial operators)
- Retirement plan (sell-up or pass on to children)
Discussion

• Commercial vs Lifestyle farming
  – Low industry cohesion
    • Disagreement on industry approaches
    • Low level of trust
    • Little sharing of equipment
    • No cooperation in peak periods
    • Competition at local level
  – Need for innovation
Thank you