

Innovate to Compete in the New Millennium Marketplace

By Joe Prochaska

Editor's note: This is the second in a two-part series on innovation for ag retail managers.

The year 2000 is shaping up to be a critical time to take your ag retail business to a higher level of competitiveness in the new marketplace.

As our industry transitions to information-based products and services, it is becoming a must to make timely decisions that will keep you in control of changes affecting your business. But this is also a time of great opportunity because the management tools are available to help you get the job done.

The principles of general management and innovation that were presented in previous *Ag Retailer* articles are rapidly emerging as essential practices that you can use to leverage rapid change into significant opportunities.

Innovation Team

To creatively explore how Agricultural Retailers Association (ARA) members could share ideas for innovation, ARA formed an "Innovation Team" to develop a set of principles adapted from members' experiences. The team included Dick Cone of Cone Agri-Service, Pierre, SD, Wendell Stratton of Stratton Seed Co., Stuttgart, AR, Jeff Gabriel, ARA vice president, and me. Our objective was to focus on the management practices of the two successful ag retailers on the team and select 10 of the most critical for our "Principles of Innovation."

While 1,000 miles separate Cone and Stratton, their day-to-day application of innovative management practice is similar in many ways. Here they share, for the first time, many of the fundamentals that continue to help them take their businesses to new and higher levels of value for their customers.

Cone Agri-Service was established by Dick Cone more than 20 years ago and serves top growers in central South Dakota crop markets.

Cone says that "being different" has been a basic principle for him. "Your customers also want to be different to stay ahead."

Cone adds, "With any change, your service has to be as good as, or better than before." This is especially important as parts of the business become mature, usually four to five years after introduction of a change. That's when retailers "should use the term 'innovation' with customers, especially when assessing market changes like new genetics technologies or new systems for record management.

"You can't just think of yourself as an innovator. You must be seen as an innovator because of actions you take to improve your business for your customers," says Cone. His basic guideline for any ag retailer is that "you must compete every day in a very competitive environment."

Good People, Great Ideas

Stratton Seed Company, begun by Wendell Stratton's father after he served in World War II, has become one of the leading ag retail businesses in the mid-South and a major grower and processor of rice and soybean seed.

Practicing innovation for Stratton begins with a business plan and a solid program for his customers. The key to carrying out this plan is that "good people as team members have great ideas about opportunities, and they can often think them through better than you can. They are closer to our customers." When opportunities are recognized, the key is action because "there are only two choices — to move forward or stay where you are. There is no in-between.

"Innovation also means there is healthy disagreement within your team; this really puts you ahead because all alternatives are put on the table," says Stratton, reflecting on a



Golden Rule that he says is a foundation to its business: "Integrity is everything, and trust is priceless."

Both Cone and Stratton acknowledge that carrying out these management practices every day takes both hard work and discipline. But this is how they have successfully managed change in the past and why they have the confidence to accept the challenge in 2000 and into the future.

ARA's Ten Principles of Innovation

1. Write a Business Plan
 - Know your business
 - Focus on a mission
2. Build a Team
 - Manager's first job
 - Requires trust & integrity
3. Be Different
 - Think differently
 - Must be realistic
4. Be Market Driven
 - Stay close to the market
 - Deliver value to the customer
5. Know Your Strengths
6. Focus on Opportunities
 - Be very selective
 - Support with time & resources
6. Aim for Leadership
 - Set the standards
 - Gain an economic advantage
8. Timing Is Everything
 - Do it now — not tomorrow
 - Take intelligent risks
9. Measure Performance
 - Build a feedback on results
 - Benchmark your performance
10. Build Innovation into Your Business □

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