

Creating Value from Values: Leadership in New Zealand's Food and Fibre Sector

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LEADERSHIP LAB for the Unlocking Export Prosperity Research Programme.



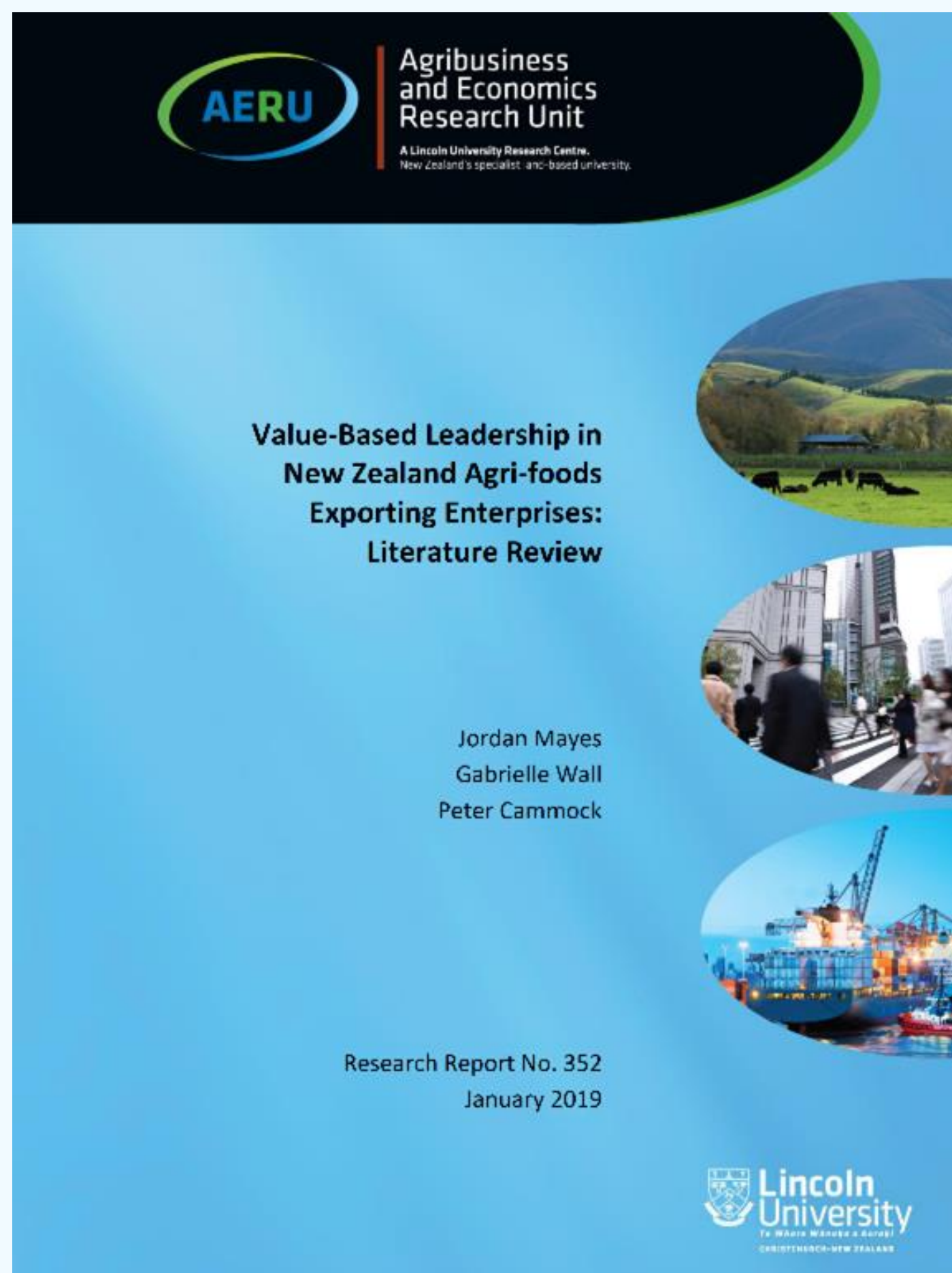
Agribusiness
& Economics
Research Unit
LINCOLN UNIVERSITY



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Overview: Unlocking Export Prosperity



Between 2016 and 2022, Leadership Lab was part of the *Unlocking Export Prosperity* research team exploring how local enterprises can achieve higher export returns by emphasising the distinctive physical, credence and cultural attributes of agri-food products that are “Made in New Zealand”.

The Leadership Lab team prepared a literature review of values-based leadership in New Zealand agri-foods exporting enterprises. The review was published in 2016 and is available for download [here](#).

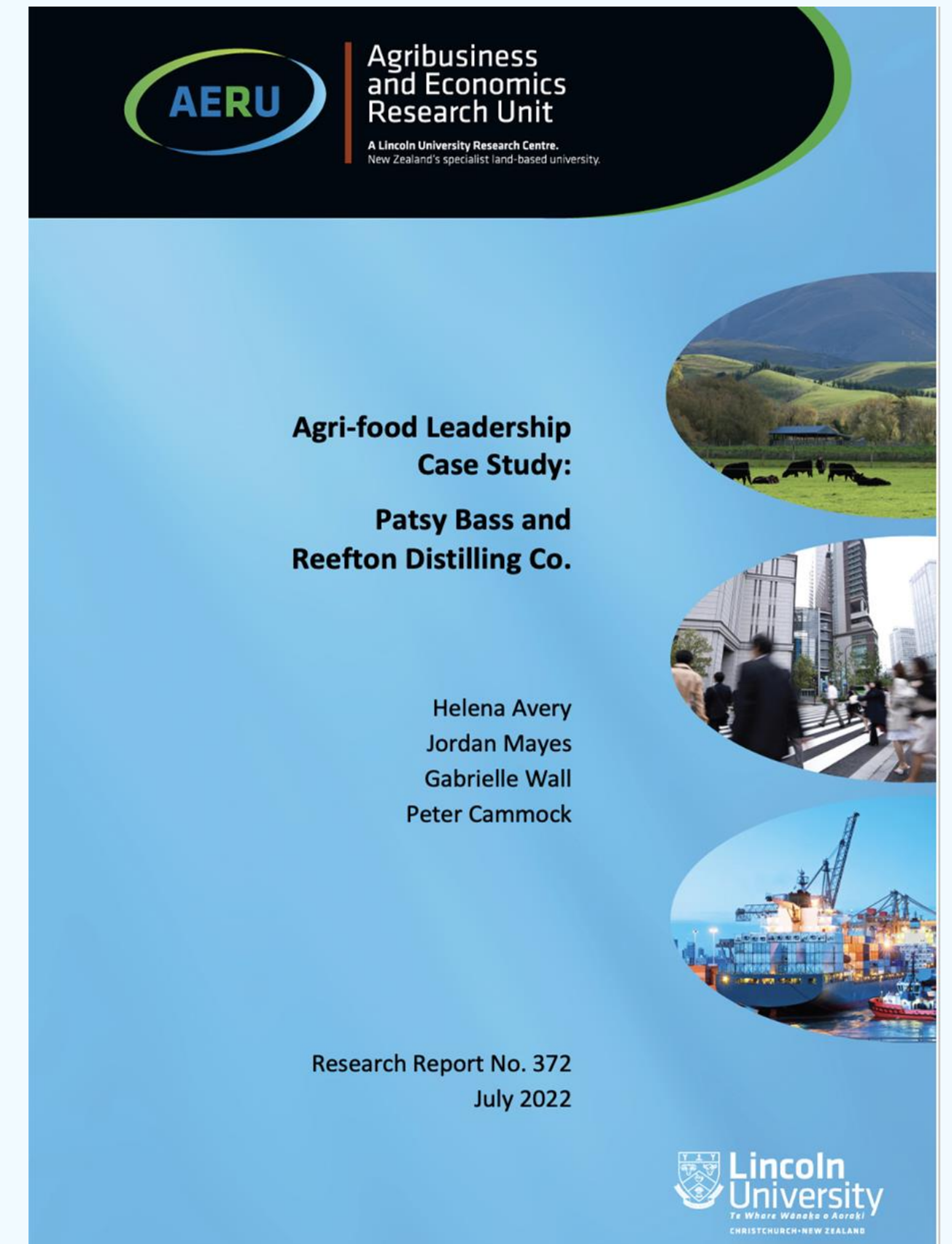
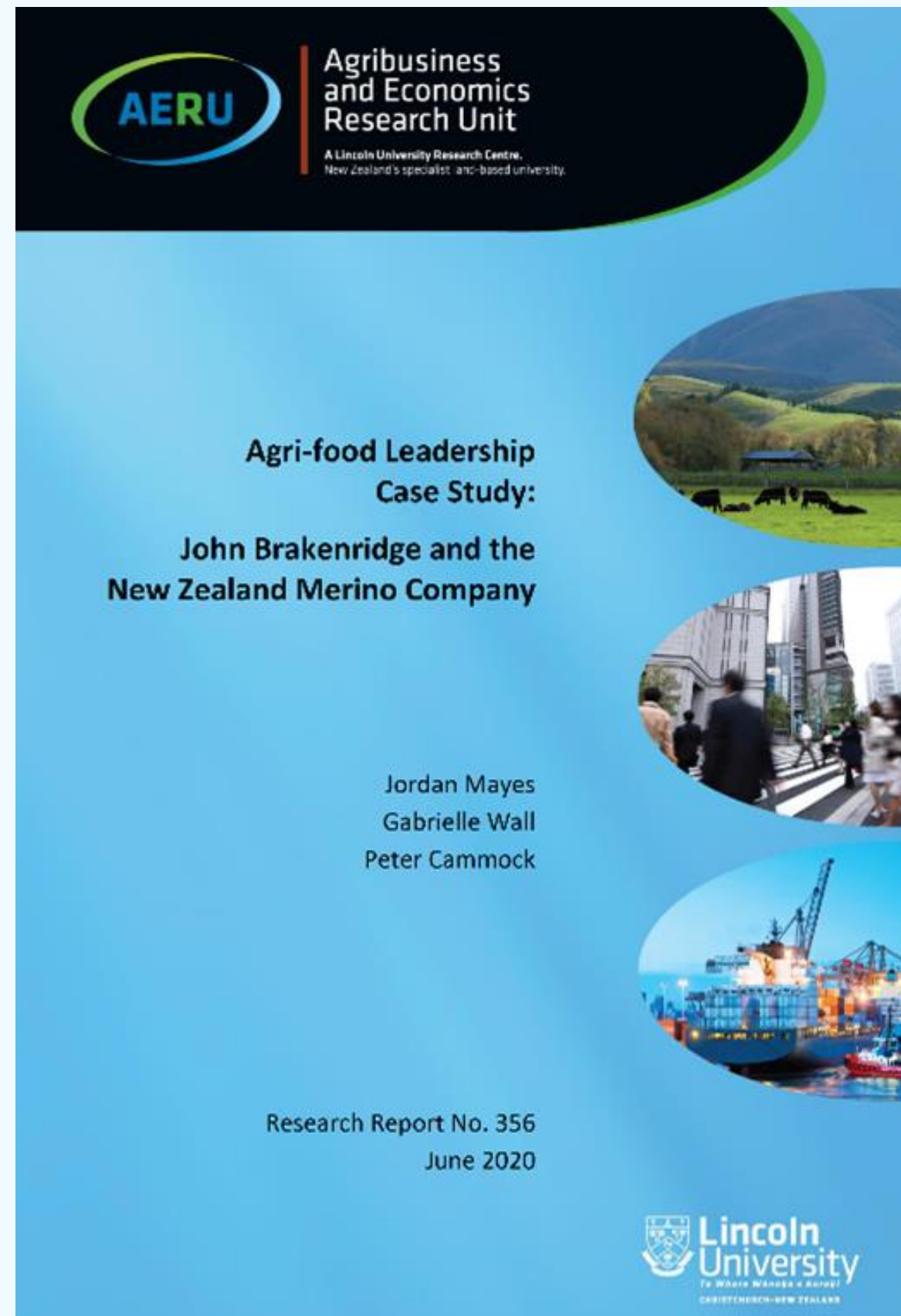
The Leadership Lab team then completed case studies of leadership in six New Zealand food and fibre enterprises that have emphasised specific physical, credence and cultural attributes as part of strategies to earn a premium for their products. The key themes that emerged from the case studies are presented in this synthesis report.

Case Studies

The case studies compiled for the Unlocking Export Prosperity research focused on:

- The New Zealand Merino Company
- Taupō Beef and Lamb
- Revology
- Pegasus Bay Wines
- Reefton Distilling Co.

A sixth case study was completed but the organisation has requested that their identity remains confidential. Learning from the sixth case study is consistent with the other five and also informs this synthesis. Reports on the case studies are available for download [here](#).



Opportunity and Urgency (The Need for Leadership)

The case study research points to a flourishing international market driven by a growing cohort of “socially conscious” consumers who value high quality, along with “credence” and “cultural” attributes like environmental stewardship, ethical and sustainable practice, staff and animal welfare and a connection with the people and communities that produce the products they are consuming.

Socially conscious consumers present what NZ Merino CEO John Brakenridge describes as, “a phenomenal opportunity...for New Zealand superfoods and New Zealand super-fibre”. Making the most of this opportunity requires a rapid transformation of New Zealand’s primary sector. This transformation presents a fundamental leadership challenge.

The case studies informing this synthesis describe strategies designed to create value by appealing to socially conscious consumers and the leadership practices underpinning those strategies.

“We’ve got a once in a lifetime chance to do this... [and] a very short time horizon. If we stuff it up... if we don’t show leadership... all the things we’re talking about with environmental stewardship will just become access issues... Then they’ll screw you on price.”

Mike Barton

(co-founder Taupō Beef and Lamb)

Section I
Value-Adding Leadership



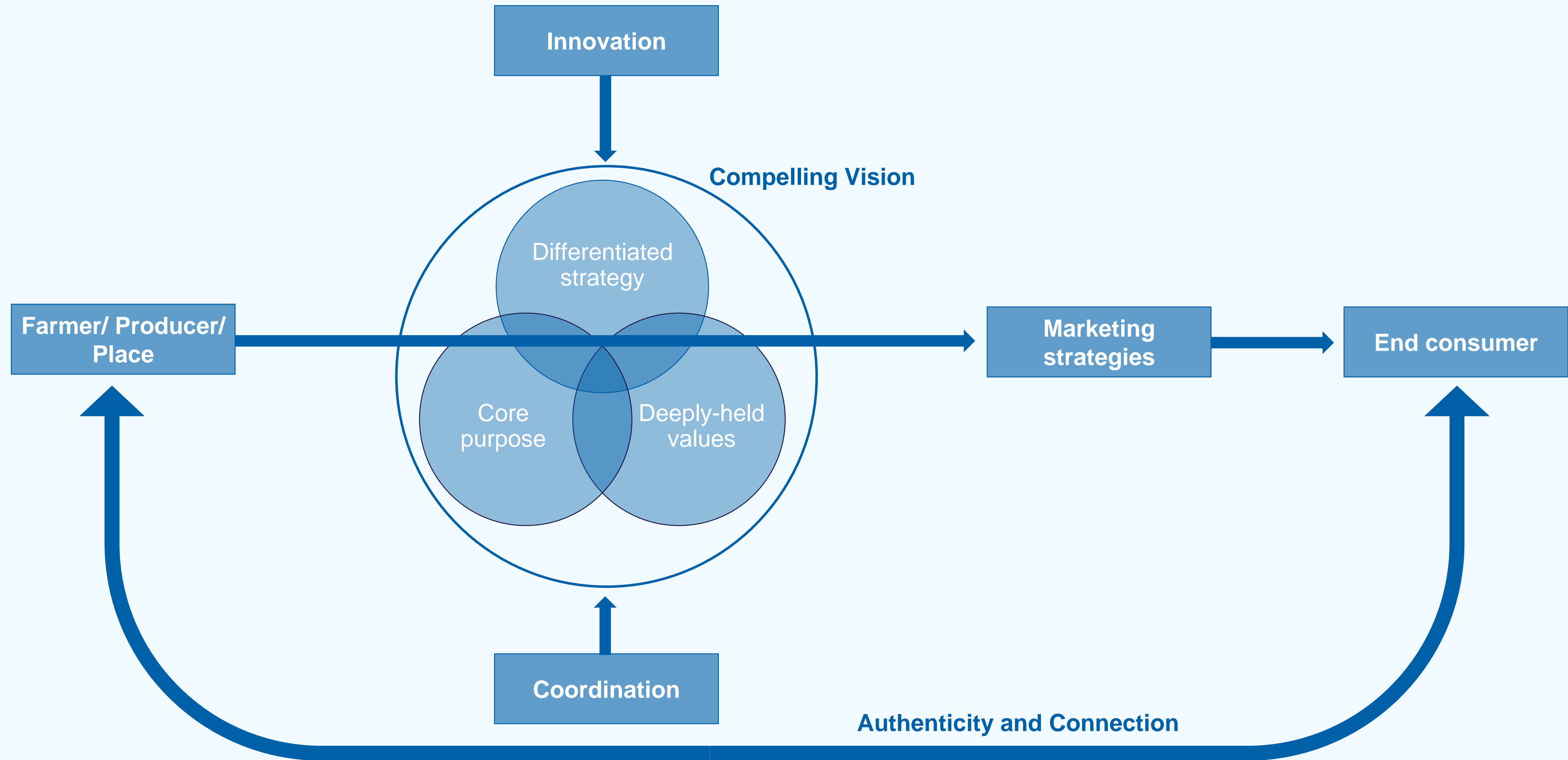
A Model of Value-Adding Leadership

When the wiring is right, socially conscious consumers are not only buying the highest quality products, but are experiencing a connection with the land, families and communities that produce the product and with a value-set that enables them to feel like they are contributing to a more natural, sustainable and better world.

From N.Z. Merino Case Study

This synthesis draws on the Model of Value-Adding Leadership shown in the next slide. Central to the model is a “compelling vision” in which deeply held organisational purposes and values are expressed in “differentiated” strategies that offer high value to particular segments of socially conscious consumers. The vision is enacted through marketing strategies that work to connect end-use consumers, in distant locations, with the unique qualities and cultural and credence attributes of the products they are purchasing. World class quality and environmental stewardship are central to the strategies of all the case study organisations. The organisations then build on these elements by emphasising distinctive attributes such as family ownership, place, sustainable design and community connection. Critically all of the organisations demonstrate authenticity in enacting their purpose and living their values. Ideally their end-use consumers experience both the highest quality products and a sense of connection, with the people and places that produce them, and with like-minded consumer cohorts who are seeking to contribute to present and future global wellbeing.

A Model of Value-Adding Leadership



Section II

Compelling Vision



The Power of Purpose

Collins and Porras define purpose as “the organization’s fundamental reason for existence beyond just making money” (1994 p.73).

Purpose includes having a genuine and meaningful commitment to important principles that consumers care about. A 2018 [Accenture Strategy Study](#), “[From Me to We: The Rise of the Purpose-led Brand](#)” found that brands with a sense of “high” purpose had growth rates twice that of those that did not. Purpose is of particular importance to socially conscious consumers. A 2020 Deloitte Study in the UK suggests that socially conscious consumers seek like minded brands to spend their money with and will reward authentically purposeful brands.

“This demographic of ‘conscious consumer’ is really taking off. We are convinced that this is the next step. Sixty percent of the people in the world are willing to pay for something sustainable and well made. This is a new generation of conscious consumers who are really into sustainability...It’s becoming a real shift in the market. We have teenagers at home, so we are well-placed to talk about demographics. We can say this new generation is really into sustainability... If you buy something crappy, now kids will ask you what material it’s made of. Conscious consumption is becoming mainstream.”

Alex Guichard and Monique Kelly (Revology)



Purpose Driven

It has become fashionable for corporate organisations to develop statements of purpose, but very few are genuinely purpose driven. By contrast authentic purpose is at the core of the DNA of the case study organisations. The following descriptors are representative.

- **NZ Merino**
Optimise the value of grower/supplier sheep products and enhance partners' brands...make them look good.
- **Taupō Beef and Lamb**
Protect the water quality of Lake Taupō by re-thinking quality meat.
- **Revology**
Transform the composites industry to one which is environmentally friendly and sustainable with products that last for generations.
- **Pegasus Bay Wines**
A passion for making and sharing high quality wine.
- **Reefton Distilling Co.**
Restoring and revitalising a town by creating jobs for locals and creating a reason for visitors to come.

Values Led

"Dad blindly just wanted to make the highest quality wine he could. The finances were almost irrelevant. It has totally rubbed off on us. We've followed through with his passion."

Paul Donaldson
(Pegasus Bay Wines)

An organisation's values inform how it behaves in pursuing its purpose. Values are important. Surveys suggests that a majority of consumers want to buy from companies that "reflect their personal values and beliefs" and want them to "take a stand on social, environmental and political issues". One study suggests that "great companies" can "create social value, solve the world's problems and still make money to." (HBR Nov 2011) There is ample evidence that socially conscious consumers will seek out and switch to such companies.

The case study organisations are all strongly values led. In every case high quality and environmental stewardship are central. This includes acting as kaitiaki to the places in which they operate and honouring past, present and future generations. Thereafter, their values include supporting local farmers, animal welfare, high trust relationships, ethical sourcing, family, community, innovation, and product beauty. Their values are an authentic representation of their purpose and have the capacity speak directly to the concerns of socially conscious consumers.

Strategy and Differentiation

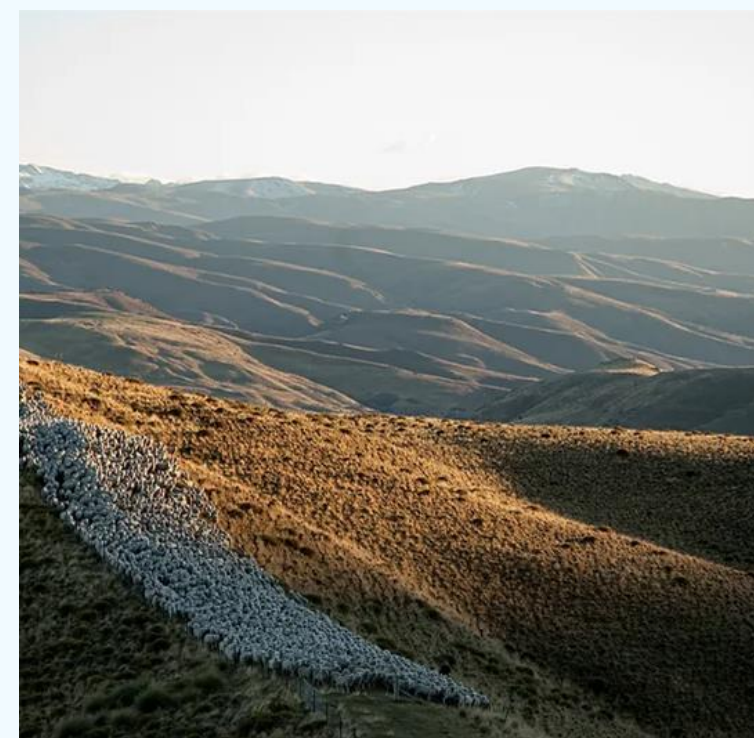
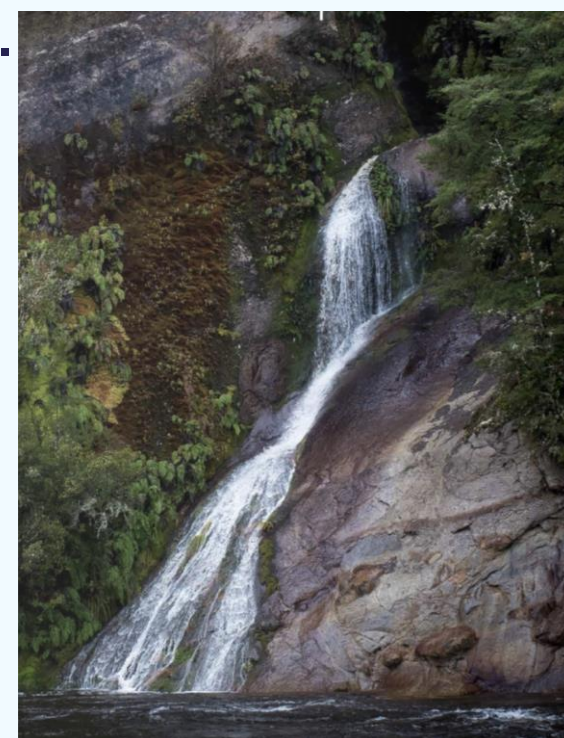
Strategy is about developing a few vivid, robust and unique forms of “differentiation” in which an organisation provides value for its customers in a way that is different from and more appealing than its competitors. Bain and Co consultants Chris Zook and James Allen argue that:

“Differentiation is the essence of strategy, the prime source of competitive advantage. You earn money not just by performing a valuable task but by being different from your competitors in a manner that lets you serve your customers better... The sharper your differentiation, the greater your advantage... In studying companies that sustained a high level of performance over many years, we found that more than 80% had well-defined and easily understood differentiation at the centre of their strategy.”

Differentiation was at the heart of the success of the case study organisations.

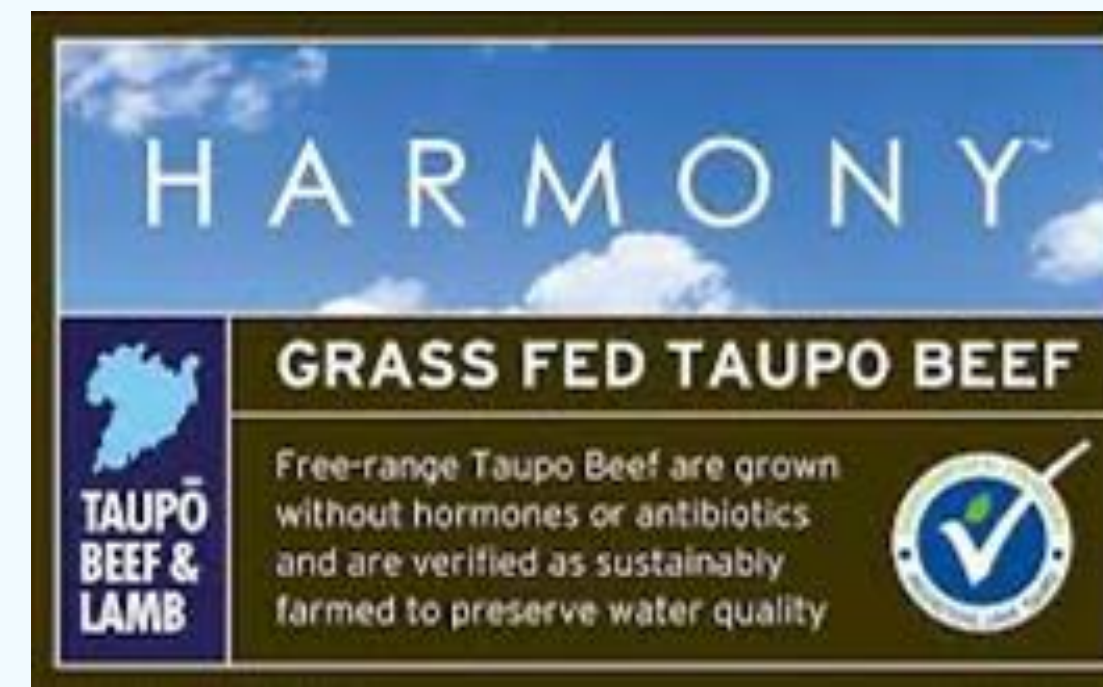
Case Study Strategies: Quality and Stewardship

Consistent with their values, world class quality sits at the centre of the differentiated strategies of the case study organisations. What is distinctive about these strategies is that the quality of their products is enhanced by their commitment to environmental stewardship. NZ Merino for example, presents ZQ as “the world’s leading ethical wool and as the wool of choice for world-class brands that are serious about producing amazing natural products.” ZQ is an “amazing natural product“ that has a fibre quality that is enhanced by “animal welfare, care for the environment and social responsibility standards”. Reefton Distilling Co. produce premium gin using some of “the most pure water on the planet”. Their gin is representative of the taste, provenance and purity of the West Coast rainforest for which they act as stewards. Revology use “low footprint” natural materials, such as harakeke to create, “superlight, beautiful, natural products.” The combination of world class quality enhanced by a commitment to environmental stewardship clearly has particular appeal to socially

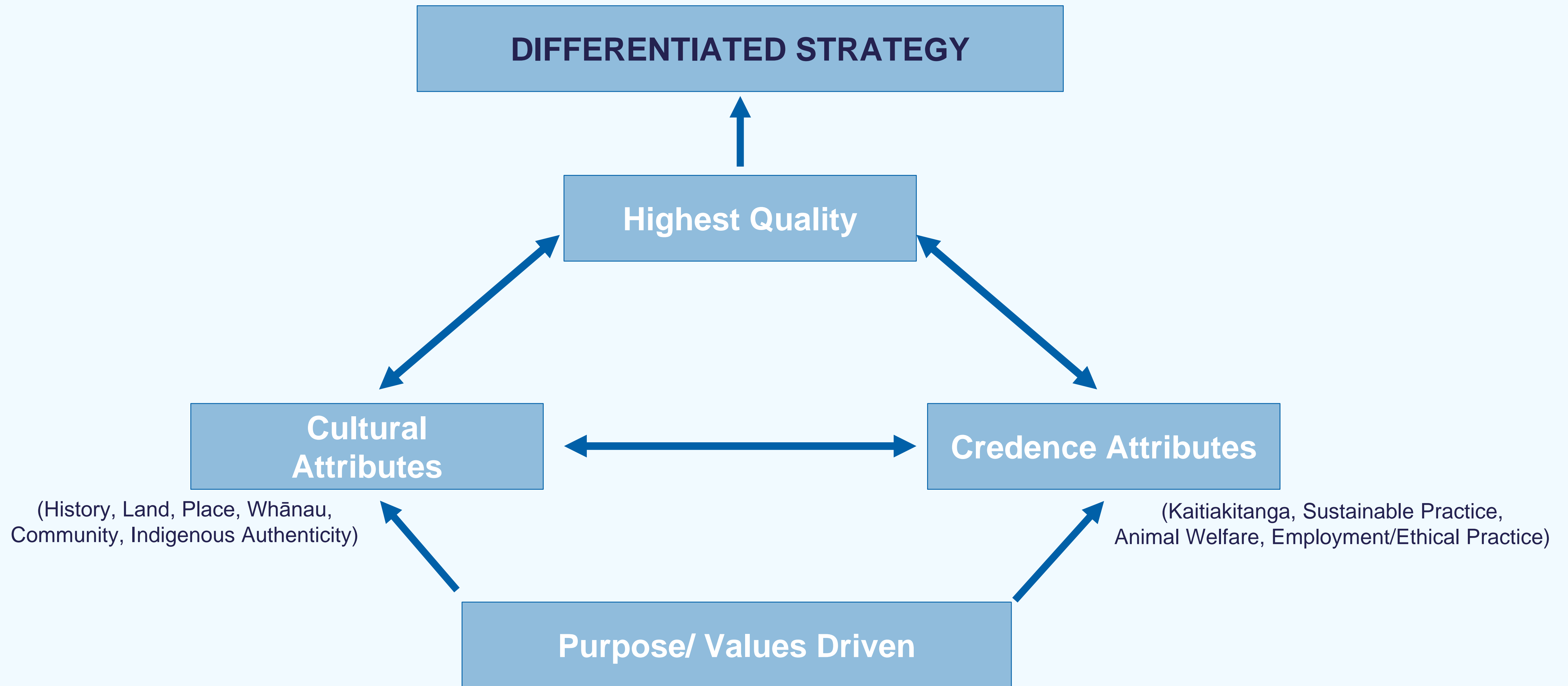


Case Study Strategies: Deepening Differentiation

While quality and environmental stewardship are central, each case study organisation emphasises cultural and credence attributes that provide further points of differentiation. Pegasus Bay are passionate about making, “the very best wine“ that makes people ”fall in love with the region”. It is a passion that is safeguarded by their family ownership. “You’re expecting quality from a family business and a sort of integrity... that you might not perhaps get from a big conglomerate.” Reefton Distilling Co.’s focus on the “very, very unique“ taste and provenance of their gin is augmented by the stories of the local identities that inform the branding of their products. Preservation of the lake is central to Taupō Beef and Lamb and important to their consumers. “When water quality became a political issue last election, our sales went up”. However, they suggest that, “animal welfare grabs consumers more than water or air quality” and advertise their animals as free range, grass feed and without hormones or antibiotics. The case study organisations use differentiation to provide a unique offer to their consumers that affirms their purpose and values and supports their capacity to earn a price premium. The relationship between the different elements of differentiation is shown in the next slide.



The Case Studies and Strategic Differentiation



Section III

**Marketing Strategies
and Challenges**



It's Not Easy

Moving from espoused strategies into marketing approaches that create real-time higher margin sales is not easy. There are particular challenges in moving from New Zealand into hyper-competitive export markets where there are many organisations successfully marketing their social responsibility credentials.

“[Focusing on the] environment, water quality or greenhouses gasses on the assumption we can sell our produce for more, to a select group of people, is a lovely idea intuitively. But to actually do it, it’s a lot harder. [We’ve] invested so much emotional and physical energy. It takes a lot of time and effort, or money, or both.” – **Mike Barton** (Taupō Beef and Lamb)

“How do you go from Reefton to New York city and somehow, across the whole supply chain, bridging that gap? That's the toughest part. We can sit here in New Zealand and go, wonderful strategy, wonderful take on it, but we've got to get people to buy into the dream. It starts with getting the strategy right because you’ve got to take the story and then articulate that into a brand strategy, which is what we did for Little Biddy gin and that brand strategy has to be based on consumer insight. That’s the toughest piece.” – **York Spencer** (Reefton Distilling Co.)

“Anyone with market insight and empathy in how the world views New Zealand primary produce would stand with their hand on their heart and talk about clean waterways and sustainable environment. Trying hard doesn’t cut it, you have to move fast and have concrete goals. [And you need] experience building brands and building market positions and understanding how you gain market insights in a business very far away.” – **Greg Muir** (NZ Merino Company)

Storytelling and Emotion

Consistent with their strategies, quality and environmental stewardship feature prominently in the marketing of the case study organisations. While they differ in the specific marketing tactics they employ, they all make the most of their “stories” by offering narratives that prompt an emotional consumer connection. Their purpose and values provide a rich source of material for these narratives, which in turn allows them to emphasise the uniqueness of their products.

“100% of [our] customers come because they like the story of the company. If they like the design then they like the design, but they like the story. They like that it’s well done, and they like that it’s sustainable”. They’ll go [for] sustainability, they’ll think it’s cool, but it’s more the sustainability story is why they come.” – **Alex Guichard and Monique Kelly (Revology)**

“Where it broke through it was with the narrative...It meant moving Merino wool products from a commodity to selling an ‘experience’, with a narrative which helps you get a better price margin reputation and helps us be significantly different from anybody else...So the narrative for us has been about...where it comes from. Then its been about environmental footprint, sustainability and regenerative farming. All those things become really important. [But] the peak of this is helping [create] the narrative that suits the brands.” – **John Brakenridge (NZ Merino)**

“Reefton is still the story behind it. It’s not just about selling the gin. This about revitalising a town. It’s about that story and making rain sexy again. There are so many stories here...They told me [the story] of [Reefton] “moonlighter”, Little Biddy. Our design company came up with Little Biddy [as the brand] and it just came together. We put legs around it and Little Biddy [gin] has been taken all around the world. So Little Biddy’s spirit, her personality is a really important part, it plays into the emotional hook for the brand and that goes back to the insight that there's a little bit of a rebel in all of us. And you know that spirit inspires [people] to go forth and live life.” – **Patsy Bass (Reefton Distillery Co.)**

“Made in New Zealand”

Moving from New Zealand into hyper-competitive export markets presents a significant challenge. In meeting this challenge the case study organisations are supported by New Zealand’s “clean, green” natural image. As Edward Donaldson reflects, “People just love New Zealand overseas ... I think people see New Zealanders as being quite honest, people of the land, that side of it certainly helps”. As an example, Reefton Distilling Co. highlight the purity and wildness of their location in New Zealand’s West Coast.

“Everyone wants to escape the pressures of daily life, so we try and package that into a brand that allows you to ...feel [like] you’re escaping. And that escapism can be that you want an escapism into New Zealand, which is a lush, natural, Lord of the Rings, mysterious place that can take you away from the stresses of life. You’re drinking a piece of New Zealand, it’s pure, natural and premium. And you’re sipping a pure liquid which is made from botanicals in the deep dark depths of the Southern Hemisphere.” – **York Spencer** (Reefton Distilling Co)

Reefton Distillery’s marketing depicts the natural West Coast environment and native botanicals that make their products unique. As their marketing manager York Spencer observes, “At the end of the day, you want to help a consumer become something, or someone, through your brand. ... To help...stimulate and motivate that emotion which makes you pay a premium for a brand or a product ... to enable a New Zealand Company to export internationally.” The New Zealand location of the case study organisations assists in building consumer trust and stimulating such emotions. Consequently, all of them augment their environmental credentials with an emphasis on their “Made in New Zealand” locations.

Authenticity is Crucial

Socially conscious consumers are well informed and hyper-connected. Consequently the purpose and values of the case study organisations cannot be faked. Any discrepancy between espoused values and actual practices will inevitably come to the attention of their consumers. Consequently the purpose and values of the case study organisations are something of a two-edged sword. They provide the tremendous benefits of being purpose driven and at the same time demand absolute integrity between what is espoused and what is practiced. The case study leaders were well aware of the need for such integrity.

- “Everything had to be premium. But we wanted it to be authentic. Like real. The brand story, it’s real. Everything about it is real. There are so many stories here and they are all real stories.” – **Patsy Bass** (Reefton Distilling Co.)
- “Above all else, [we] wanted real claims around environmental performance... We decided we needed something that told our consumers we were doing the right thing by the lake – not just flapping our arms and saying we were sustainable. That’s the level of detail that we have to go to about any of these claims when we’re trying to capture value.” - **Mike Barton** (Taupō Beef and Lamb)
- “Consumers today...are definitely looking for authenticity. So the integrity of the story has to be built, because people will find out pretty quick if you're not doing anything about it.” – **York Spencer** (Reefton Distilling Co.)
- “Authenticity is really important. It’s something people sense, they just know that you’re in the business for the right reasons. Authenticity is demonstrated, not spoken about. [It’s not] speeches. It’s not signs on the wall. It’s what you do.” - **Greg Muir** (NZ Merino Case)

Connecting with Consumers

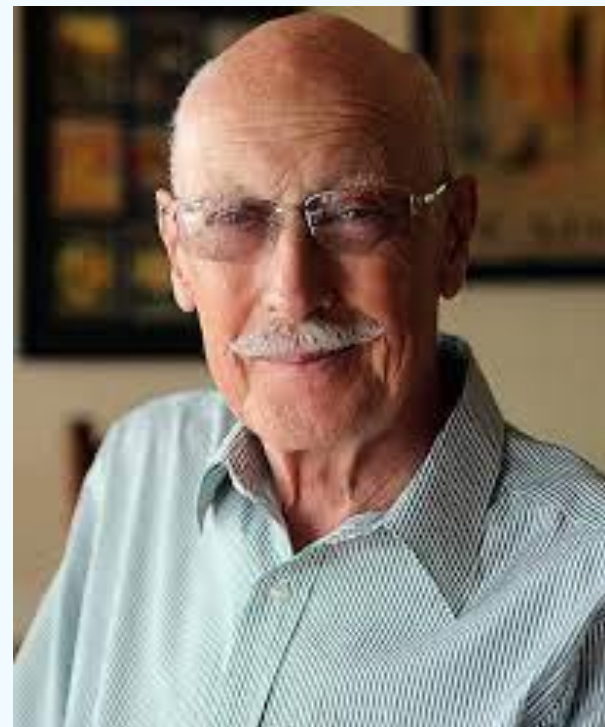
The sense of authenticity is strengthened by direct connection between the case study organisations and their consumers. That connection includes visiting export locations, inviting key partners and customers to visit and setting up processes that promote grower-end-user connection. It's about establishing trusted relationships with distributors, brand partners and final consumers and "wiring" them back into the people and places from where the products originate.

- "Rather than hire tasters we'd rather do it ourselves, then people see you. They know you're the farmers and they want to talk to you...People and relationships are important...We've just come back from Japan. We basically went supermarket to supermarket. it's a great way to connect with consumers. They had lots of questions... from the animal welfare perspective. Our combined photograph was on every piece of meat. We're getting currently 15-20% more than any other beef sold from New Zealand to Japan". - **Mike and Sharon Barton** (Taupō Beef and Lamb)
- We had to cancel because of Omicron, but we were going to do a really curated event with key trade partners. New Zealand West Coast rainforest in a really upscale bar in London, to bring that little bit of unexpected alive. We could have beamed in Patsy live to do a welcome speech. Because it's not just the brand but it's Patsy and the authenticity and the founder's story. - **York Spencer** (Reefton Distilling Co))
- "When you travel you meet people that know your product incredibly well, but they've never meet you. They are always a bit surprised to meet a family member. It's part of the joy of it to meet people with that level of engagement. We also invite people to visit so that they have a connection with the brand. So its not just a label and a bottle of wine. We wouldn't be nearly as successful if we didn't have that as part of our story. - **Paul Donaldson** (Pegasus Bay Wines)
- We worked with Icebreaker around the early barcodes, where you could go in and see some of the stations that produced some of the wool for the garments. In a luxury market, it leads into the type of triggers that help with sales". - **John Brakenridge** (N.Z. Merino)

Section IV

Implications for Leadership





Clockwise from top left: Ivan Donaldson (Pegasus Bay Wines), John Brackenridge (New Zealand Merino Company), Patsy Bass (Reefton Distilling Co.), Alex Guichard & Monique Kelly (Revology), Sharon & Mike Barton (Taupō Beef and Lamb).

The Leadership Formula

- “Big Picture” Strategic Vision
- Drive and Energy
- Courage to Challenge the Status Quo
- Resilience to Persist Over Time
- Authenticity and Integrity
- Purpose Beyond Bottom Line
- Genuine Passion for Product
- **Passion + Purpose = Calling**

The Leadership Formula

(**Passion** + Purpose = Calling)

“It’s always just felt like home. It’s been in my DNA my whole life... It’s like a slipper...We [moved here] and everything is like a memory. The community is fantastic. It’s really warm. They all work hard and they help each other. There’s something special about it... There’s a real energy now.”

Patsy Bass

(Reefton Distilling Co.)



The Leadership Formula

(Passion + **Purpose** = Calling)

“Just before we opened I was planting the pansies in the wine barrels outside. This woman walked past and said to her kids. ‘She’s coming to town to create jobs for people like Mum and Dad’. So that’s the community really getting what we are trying to do here... It was never about alcohol. It was about jobs and revitalising a town...”

Patsy Bass (Reefton Distilling Co.)

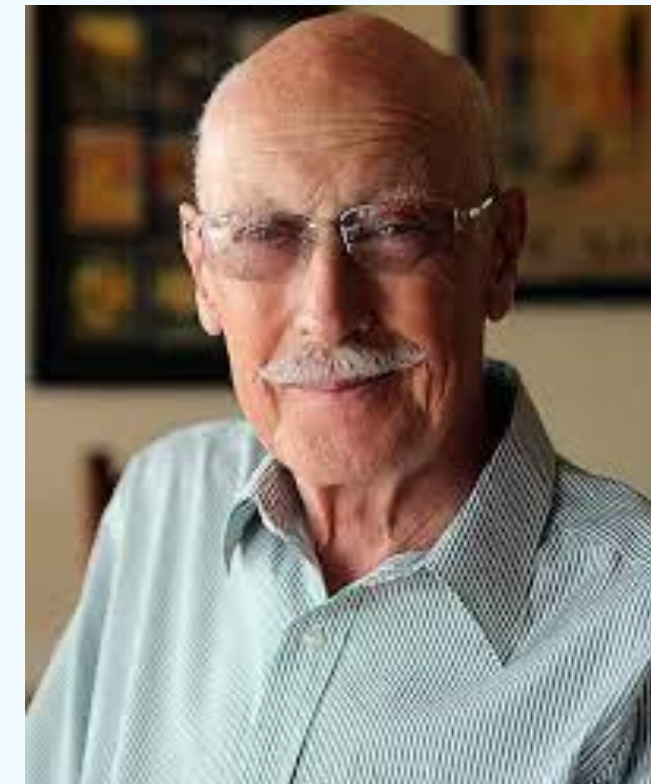


The Leadership Formula

(Purpose Driven Leaders & “Calling”)

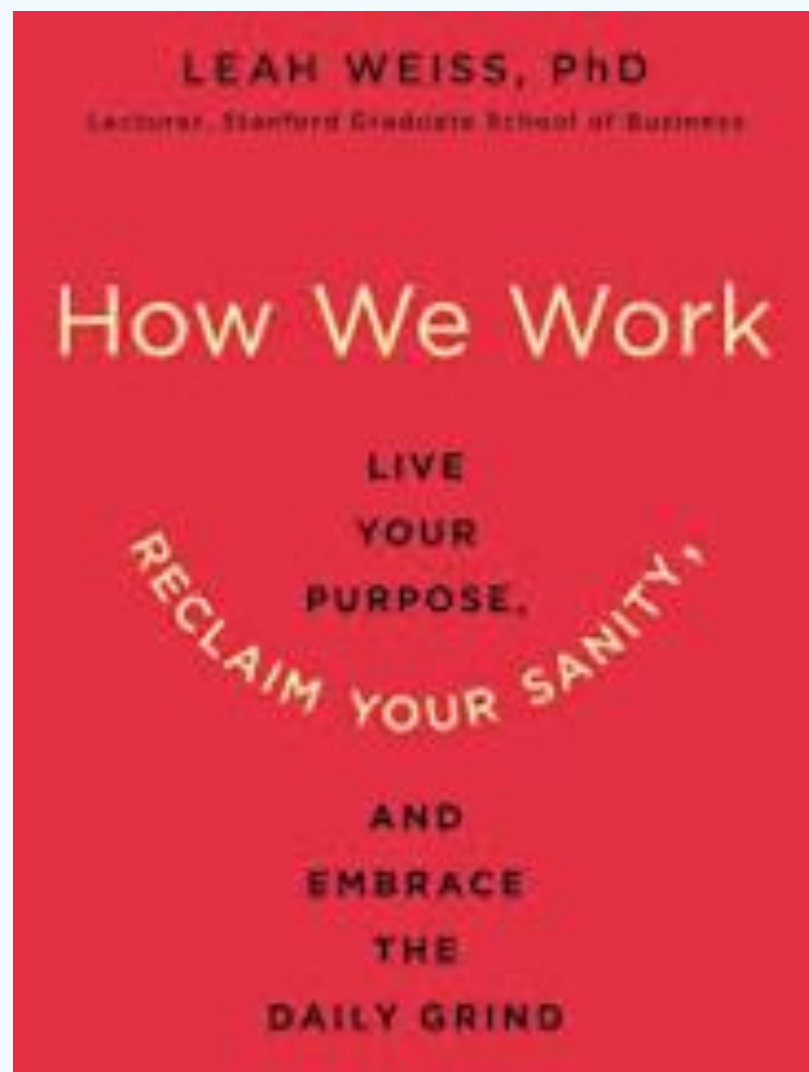
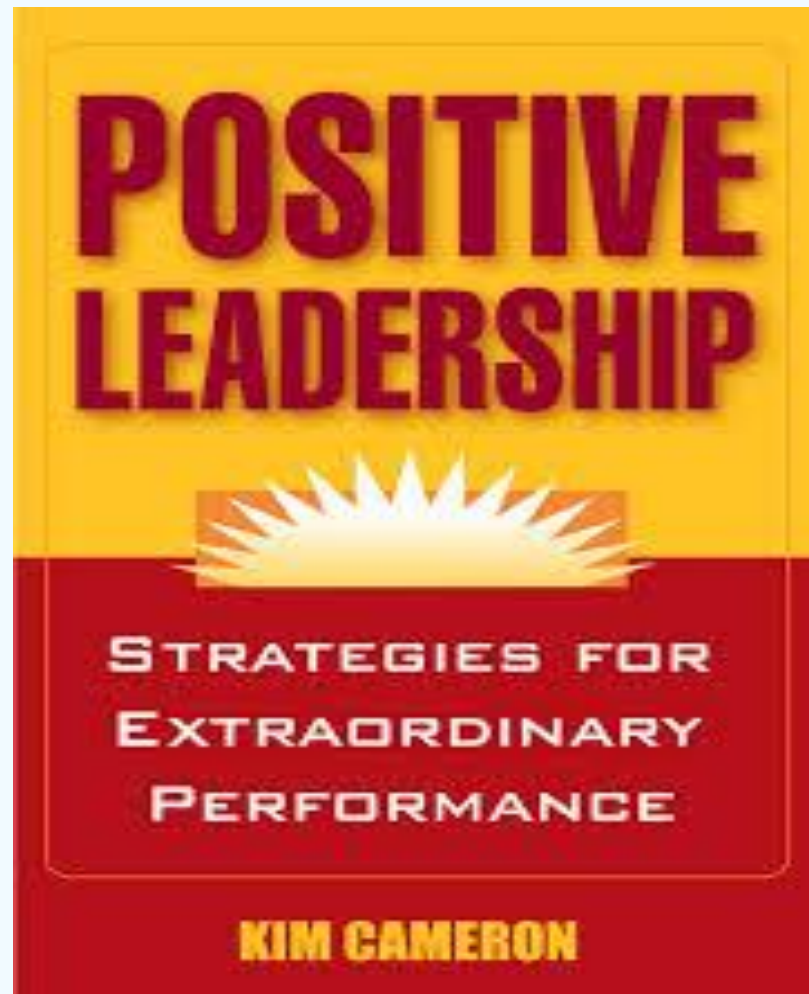
“The title of the book was simply *Wine*. It was enticing, fascinating and absorbing. I was holding a time bomb in my hands, one that would explode to hit me with such force that it would blow my life off course... [As] I began to read I felt I had opened a secret door and peered into a hidden world. I had fallen in love with wine.”

Ivan Donaldson
(Pegasus Bay Wines)



The Leadership Formula

(The Power of Calling)



People who consider their work to be a calling [have greater] occupational identification, kinship, community & sense of purpose toward something larger. Even trivial & unpleasant tasks become infused with a sense of meaning and significance ... High levels of meaningfulness have been associated with extraordinary individual & organization performance.

Leah Weiss & Kim Cameron



Leadership and Calling: A Final Note

The clear sense of calling exemplified in Patsy and Ivan echoes our experience with the leaders in all of the case study organisations. Here we find good news and not so good news for organisations wanting to emphasise physical, credence and cultural attributes and obtain additional value for their agri-food exports. The good news is that passionate leaders with a genuine sense of calling can achieve extraordinary success in creating and exporting high value New Zealand agri-food products. The not so good news is that the attributes that underpin these successes cannot be faked. They have to be authentic to the core. They have to be authentic, in that they reflect the deep purpose and values of the organisation. More significantly they have to be authentic in that they manifest the motivations of leader's who have a deep and heartfelt sense of commitment and calling that goes way beyond profit and career advancement. These are the products of personal leadership journeys that take place over years. They speak to leadership qualities that cannot be quickly developed in workshops or formal training. They suggest that, if we are to seize what Mike Barton, describes as “a once in a lifetime chance” to transform New Zealand's agri-foods economy we should begin by identifying, encouraging and connecting leaders who demonstrate the passion and purpose that has been exemplified by the leaders in these case studies.



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