



# Agribusiness and Economics Research Unit

A Lincoln University Research Centre.  
New Zealand's specialist land-based university.

## Agri-food Leadership Case Study: Mike & Sharon Barton and Taupō Beef and Lamb

Jordan Mayes  
Gabrielle Wall  
Peter Cammock

Research Report No. 357  
June 2020



***Research to improve decisions and outcomes in business, resource and environmental issues.***

The Agribusiness and Economics Research Unit (AERU) operates at Lincoln University, providing research expertise for a wide range of international, national and local organisations. AERU research focuses on business, resource and environmental issues.

The Agribusiness and Economics Research Unit (AERU) has four main areas of focus. These areas are: wellbeing economics; trade and the environment; economic development; and non-market valuations.

Research clients include Government agencies, both within New Zealand and from other countries, other international agencies, New Zealand enterprises in the private sector, and community groups.

**AERU MISSION**

To exercise leadership in research for sustainable well-being.

**AERU VISION**

The AERU is a cheerful and vibrant workplace where senior and emerging researchers are working together to produce and deliver new knowledge that promotes sustainable well-being.

**AERU STRATEGIC AIMS**

- To be recognised by our peers and end-users as research leaders for sustainable well-being;
- To mentor emerging researchers and provide advanced education to postgraduate students;
- To maintain strong networks to guide AERU research efforts and to help disseminate its research findings; and
- To contribute to the University's financial targets as agreed in the AERU business model.

**DISCLAIMER**

While every effort has been made to ensure that the information herein is accurate, the AERU does not accept any liability for error of fact or opinion which may be present, nor for the consequences of any decision based on this information.

Summaries of AERU Research Reports beginning with #235, are available at [www.lincoln.ac.nz/aeru](http://www.lincoln.ac.nz/aeru). Printed copies of AERU Research Reports can be requested from the AERU Administrator.

© Agribusiness and Economics Research Unit. Lincoln University, New Zealand, 2019.



This work is licenced under the Creative Commons Attribution 3.0 New Zealand licence.

**Suggested citation for this report:**

Mayes, Jordan, Gabrielle Wall and Peter Cammock (2020). *Agri-food Leadership Case Study: Mike & Sharon Barton and Taupō Beef and Lamb*. AERU Research Report No. 357, prepared for the Unlocking Export Prosperity Research Programme. Lincoln University: Agribusiness and Economics Research Unit.

# **Agri-food Leadership Case Study: Mike & Sharon Barton and Taupō Beef and Lamb**

**Jordan Mayes  
Gabrielle Wall  
Peter Cammock**

**Research Report No. 357**

**June 2020**

**Agribusiness and Economics Research Unit  
P O Box 85084  
Lincoln University  
Lincoln 7647  
New Zealand**

**Ph: (64) (3) 423 0372**

**<http://www.lincoln.ac.nz/AERU/>**

**ISSN 1170-7682 (Print)  
ISSN 2230-3197 (Online)  
ISBN 978-1-877519-78-9 (Print)  
ISBN 978-1-877519-79-6 (Online)**

## Abstract

This paper forms part of a wider Unlocking Export Prosperity Research Programme led by the Agribusiness and Economics Research Unit (AERU) at Lincoln University. This is the second instalment in a series of case studies and is focused on Taupō Beef and Lamb, which is owned and operated by Mike and Sharon Barton. Mike and Sharon Barton have needed to adapt to changes imposed on them and have responded by increasing the value of their product so that consumers pay a premium that helps cover the cost of operating under a nitrogen cap. This strategy involved shifting away from beef and lamb as a commodity and branding Taupō Beef and Lamb through environmental stewardship and creating unique value propositions. While challenges have arisen over this journey, the change Taupō Beef and Lamb has undergone has been pivotal to its survival. Taupō Beef and Lamb is an example of how leadership is crucial for adding value to agri-food products, protecting New Zealand's environment, and garnering a price premium for high-value products.

## Keywords

Value Chains; Leadership; Innovation; Coordination; Beef; Lamb.

## ANZSRC Fields of Research

Entrepreneurship (150304); International Business (150308); Organization and Management Theory (150310).

## Acknowledgements

This Client Report has been prepared as part of the research programme Unlocking Export Prosperity, funded by the Ministry of Business, Innovation and Employment (LINX1701).

## Contents

ABSTRACT	IV
CONTENTS	V
EXECUTIVE SUMMARY	VII
<b>Chapter 1 Introduction</b>	<b>1</b>
<b>Chapter 2 Taupō Beef and Lamb</b>	<b>3</b>
2.1 Origins of Taupō Beef and Lamb	3
2.2 Environmental Pressure from Farming	4
2.3 Operating under a Nitrogen Cap	5
<b>Chapter 3 The Importance of Leadership</b>	<b>7</b>
<b>Chapter 4 Leadership and Taupō Beef and Lamb</b>	<b>9</b>
4.1 Core Purpose	9
4.2 Deeply Held Values	9
4.3 Differentiated Strategy	11
4.4 Innovation	12
4.5 Coordination	14
4.6 Marketing Strategies	16
4.7 Connecting the End Consumer to the Producer	18
4.8 Personal Attributes	18
4.9 Implications for New Zealand	19
<b>Chapter 5 Conclusions</b>	<b>21</b>
REFERENCES	23



## Executive Summary

### Background

This work is a part of a wider Unlocking Export Prosperity Research Programme led by the Agribusiness and Economics Research Unit (AERU) at Lincoln University. This is the second instalment in a series of case studies. The research is focused on value-added leadership in the agri-food sector and draws on past research and current case studies. This series of case studies is focused on organisations where those in leadership have successfully created value through **physical attributes** such as strength, texture, appearance and flavour, **credence attributes** such as environmental stewardship, social consciousness and ethical practices, and **cultural attributes** such as a connection with the land and a family history in the industry.

The second case study of six focused on Taupō Beef and Lamb, which is owned and operated by Mike and Sharon Barton. The Bartons began farming in Taupō in 2004, and since then Taupō Beef and Lamb has faced significant disruptions in the form of environmental pressures regarding nitrogen leeching into Lake Taupō. Nitrogen leeching adversely impacts the water quality, and has precipitated significant legislative changes which have capped nitrogen leeching from farms in the catchment. This nitrogen cap in perpetuity means a cap on stock levels which inhibits farming intensification. Economic modelling gave a disheartening prediction of farms in the catchment which would be unable to survive without maximising their outputs. However, to maximise outputs would increase nitrogen leeching and negatively impact the quality of the lake.

Mike and Sharon Barton have needed to adapt to changes imposed on them and have responded by increasing the value of their product so that consumers pay a premium that helps cover the cost of operating under a nitrogen cap. This strategy involved shifting away from beef and lamb as a commodity and branding Taupō Beef and Lamb through environmental stewardship and creating unique value propositions. While challenges have arisen over this journey, the change Taupō Beef and Lamb has undergone has been pivotal to its survival. Taupō Beef and Lamb is an example of how leadership is crucial for adding value to agri-food products, protecting New Zealand's environment, and garnering a price premium for high-value products.

### Purpose, Values, and Differentiated Strategy

Protecting water quality through rethinking quality meat is the core purpose of Taupō Beef and Lamb, however, Mike and Sharon are also driven by their own personal sense of purpose to work with farmers, scientists, Trusts, and policymakers to set the groundwork for changes which are likely to occur across New Zealand. The Bartons have strong connections to the land and to the people in the catchment, and supporting local farmers has been a huge motivating factor for finding solutions for farmers. Animal welfare and environmental stewardship are other values which guided practice in creating a brand with a unique value proposition which is valued by consumers and cares for the environment.

Change has been dependent on Taupō Beef and Lamb successfully differentiating itself from commodity production. As farms in the catchment were no longer able to farm as many animals as possible due to the nitrogen cap, quality needed to supersede quantity and the value of the products became the primary focus. Having a differentiation strategy has implications for New Zealand farmers

facing environmental pressures and legislative changes which threaten their capacity to conduct business. Complacency threatens economic potential and may have devastating long-term effects on the natural environment. The active differentiation through innovation and coordination efforts has lifted the status of Taupō Beef and Lamb as a quality producer of meat which acts in accordance with strict environmental regulations.

## Innovation, Coordination, and Marketing Success

Value is added to agri-food products as they move through the value chain, and innovation and coordination efforts are important for ensuring value is added while marketing strategies communicate value to consumers. Creating the Taupō Beef and Lamb brand goes against the traditional commodity status of farming outputs. This brand is one which internalises environmental costs by putting the onus on consumers to pay fairly for a product which meets strict environmental regulations and consumer environmental standards. Using the entire carcass through small goods and environmentally friendly packaging have contributed to the growth of the Taupō Beef and Lamb brand. This brand is one which promises an environmentally sustainable practice that aligns with consumer demands while adhering to legislation.

The quality and value of meat is also largely dependent on the relationships with farmers, butchers, and retailers. Having farmers work collectively to contribute to the brand has strengthened Taupō Beef and Lamb's capacity for providing high quantities of meat which are high in value, and vertical integration has allowed for value to be successfully carried throughout the value chain. Engaging with scientists and policymakers has also given Mike and Sharon Barton greater understanding of the issues regarding environmental protection, strengthened relationships with policymakers and helped find a middle ground between producers and the Lake Taupō Protection Trust. Coordination and relationships are built on the principles of trust.

As value is added along the value chain, marketing allows for value to be communicated to consumers so that they may evaluate the values of a product and make purchase decisions. Taupō Beef and Lamb has created and marketed products which align to market demands such as grass-fed, aged, no antibiotics, no growth hormones, high animal welfare and from environmentally regulated farms. This extends to overseas export markets by aligning the meat to the values of overseas consumers.

Environmental marketing has been one of the most impactful and innovative ways of marketing to socially conscious consumers. Mike and Sharon collaborated with the Waikato Regional Council to get an 'environmental tick' which signifies that Taupō Beef and Lamb have passed an environmental audit which guarantees that nitrogen leached into Lake Taupō has been within regulations. This environmental marketing allows consumers to verify claims about environmental stewardship rather than rely on narratives of sustainable farming without validation. Environmental performance may be proven and included on all packaging.

Significant efforts have been made to connect end-consumers to farmers and producers mostly through face-to-face interactions. Transparency and traceability are important to consumers to receive authentic messages on the quality of products, and this is a value which Taupō Beef and Lamb deliberately invests in.



## Leading Change in New Zealand

Mike and Sharon's roles have been met with increased scope and complexity over time as environmental regulations are introduced and enforced. Throughout disruptive change, Mike and Sharon have persevered and created products which attain a price premium both in New Zealand and in offshore markets. Their leadership in times of significant disruption emerge as central drivers to the success of Taupō Beef and Lamb.

There has been a sense of urgency in directing action toward transformative goals. Under a nitrogen cap which inhibits farming intensification, farms in the Taupō catchment were seemingly financially unviable, however, Mike and Sharon have led a movement which has significantly developed the value of their products in order for them to remain a viable business. Mike and Sharon have been driven to do this right, knowing that farms across New Zealand are likely going to face similar environmental pressures and ongoing legislative changes. Adapting to these changes will require cross-sector collaboration. Agri-food producers will need a strategic insight to respond to market signals and create products and businesses which are robust against significant disruptions. Complacency in this regard is dangerous as without meaningful change New Zealand's primary sector will lose global competitive advantage.



## Chapter 1

### Introduction

This case study is the second instalment in a series of case studies which accompany a review of literature that focuses on the ways in which leaders operate in value chains in New Zealand's primary sector, and specifically, how they add value and garner a price premium in off-shore markets through the physical, credence and cultural attributes of agri-food products which are "Made in New Zealand".

The literature review previously conducted as part of this research programme (Mayes, Wall and Cammock, 2019) extensively assessed the role and necessity of leadership in the agri-food market, which faces increased scope and complexity in consumer values, standards and preferences. In the face of significant disruption which is present in this changing market, the literature review outlined three strategies central to adding value in agri-food enterprises: Innovation, coordination, and marketing strategies.

As agri-food businesses face disruptive pressures which pose a significant threat without proactive change, innovation is essential for changing the attributes of products and the processes by which they are produced. Coordination mobilises support both horizontally (from the same point in the value chain) and vertically (at different points in the value chain) to collaboratively exploit opportunities and work as a more interconnected system with a common objective.

The processes of innovation and coordination work in tandem to successfully innovate products which adhere to the changing market demands and external pressures. Innovation can occur throughout the value chain, however meeting the physical, credence, and cultural values demanded by the end consumer requires innovations to be carried through coordinated efforts. This aims to alleviate products of their commodity-status and instead offer unique value propositions. The synergy between the two is essential for agri-food products to successfully garner a price premium based on their physical, credence, and cultural attributes.

Marketing strategies increase value salience to the target consumer by communicating the value of products and services. Strategies include branding, market/brand-orientation, and entrepreneurial marketing. These strategies are purposeful with the intention of changing the status of products from commodities to high-value products in the eyes of consumers.

These case studies focus on the identification and exploration of aspects of leadership that support value-adding processes. Leadership is a complex area of research which focuses on the function of the led, the leader, and contexts and cultures within which they operate (Avolio, 2007; Avolio, Walumbwa, and Weber, 2009). The relationship between leadership and value-adding strategies is not necessarily unidirectional as evidence suggests that the presence of multiple mediator and moderator relationships and culture/climate dependencies which influence leadership's contributions to value-adding. This makes research in leadership in the agri-food chain extremely complex. These case studies are representative of how leadership can be successfully applied to agri-food value-adding enterprises with specific examples and contexts.

The literature review explored the complex relationships and interactions between leadership and the value-adding processes of innovation, coordination and marketing. The case study methodology allows for comparison between examples of leadership in New Zealand's primary sector and findings from the literature review. Consideration of interviewees' past activities and successes provides insight on drivers of success in agri-food enterprises in New Zealand.

This case study focuses on Mike and Sharon Barton who co-own Taupō Beef and Lamb. Mike has also chaired the Taupō Lake Care and been a Trustee of the Lake Taupō Protection Trust. Mike and Sharon have faced significant disruptions and ongoing challenges at Taupō Beef and Lamb and their success is attributable largely to their expertise and leadership which has driven their outputs from commodity status to a product garnering a price premium based on its values. This makes Mike and Sharon ideal candidates for further exploring the role of leadership in successful New Zealand agricultural export enterprises as part of this study.

Where appropriate, quotes from an interview with Mike and Sharon are included. The Chair of Te Hono, Greg Muir, was also interviewed and his quotes are included throughout this case study to illustrate points.

## Chapter 2

### Taupō Beef and Lamb

#### 2.1 Origins of Taupō Beef and Lamb

In 2000 there was talk around the impact that farming had on the quality of water in Lake Taupō, Mike observes:

“Back in 2000, the first rumblings of discontent of farming’s impact on the lake was just starting to be heard. I thought that’s going to happen across the whole of New Zealand, if I move to Taupō which is where I want to go, I’m going to be embroiled in that issue.”

This was an early signal of how farming was due to change across New Zealand in favour of protecting the quality of the water and the land.

Both Mike and Sharon were working in tertiary education in South Auckland at the Manukau Institute of Technology, and in 2004, chose to leave their jobs in Auckland to move to Taupō and pursue their passion for farming. Much of the reasoning for this life transition was Mike’s personal connection to the land, “I’d grown up as a boy in this area doing a lot of fishing, hunting, climbing around the mountains and in the bush. I thought if I wanted to farm anywhere, that’s where it’d be.”

Between 2000 and 2009, Mike and Sharon were the only buyers of land in the Taupō catchment. In 2000, farmers in the catchment created an incorporated society, Taupō Lake Care (TLC), to work together and seek legal advice. Mike joined the organisation when he moved to the Taupō catchment and, two years later, the chair stood down and Mike was appointed chair. Mike worked with the group to develop a strategy for Lake Taupō farmers to remain viable businesses in light of environmental issues which would hinder their capacity for farming intensification.

The issue that farmers were facing was that nitrogen was being leached from farms into the soil and, ultimately, the lake. This issue is discussed in more detail in the next section of this report. Sharon explained that many of the farmers in the catchment were not aware that their practice was harmful to quality of the lake and that legislation from local government was inevitably going to take radical action to minimise their risk, “101 of them were beef and sheep farms extensively using the land, and only four dairy farms in the catchment that were more intensive. People thought they weren’t really a problem.”

Whatever legislative measures were taken, Mike and Sharon foresaw significant disruption to their business and the businesses of their peers. Mike highlighted that this wasn’t just a threat to business, but to their way of life, “It’s not just your livelihood, it’s your home, your retirement fund, it’s everything. The whole lot was challenged.”

Greg Muir highlighted the potential for disruption to be an opportunity for positive differentiation, “Disruption is a word people think of negatively, but I think about it positively. It offers opportunities. If you’re organised, you can take advantage of those.” In the face of disruption, it has been important for Taupō Beef and Lamb to differentiate their outputs to survive under legislative changes.

## 2.2 Environmental Pressure from Farming

Farmers in the Taupō catchment were facing significant environmental pressures which were evidenced through science and research. Low levels of plant nutrients and phytoplankton are what give Lake Taupō its excellent water quality (Barton, 2005). Intensified rural land use promotes algal and phytoplankton growth which threatens water quality (*idem*). Nitrogen concentrations and phytoplankton biomass have been shown to have accumulated in Lake Taupō in 2004-2005 in a monitoring report presented to Environment Waikato (Gibbs, 2005). Furthermore, over regular monitoring, accumulated mass of nitrogen in the hypolimnion (bottom layer of lake water) has been increasing at a statistically significant rate since 1975. This has resulted in increased variability of water clarity, which is of concern for the long-term water quality of Lake Taupō (*idem*).

The Lake Taupō catchment historically has been covered in tussock grassland and native forests (Leathwick, Clarkson and Whaley, 1995). Since this time, much of the tussock has been replaced with pine plantations and pasture (Petch *et al*, 2003), however, this is creating ongoing concerns for water quality. A paper published in 1999 indicated that the Lake Taupō catchment was likely going to shift from dry stock farming to large-scale dairy farming (Edgar, 1999). Public concern about Lake Taupō water quality supported by trends described above has mobilised action from the Taupō District Council and Waikato Regional Council to develop a management plan.

“The community at Lake Taupō desires the lake’s water quality to be maintained, and if possible, further enhanced. The introduction of dairying to the catchment is contrary to this aspiration.” (Edgar, 1999, pp 381).

The author recommended that sources of nitrogen leeching be identified and eliminated where possible.

Since intensive pastoral systems having a high nitrogen load compared to other land uses (bare and tussock land, native forest, and pine forest), converting to dairy worsens environmental impact significantly (Vant and Huser, 2000). These findings were indicative of a need for action in the area with regard to limiting the impact of farming.

Mike and Sharon trusted the science and opted for research to occur on catchment farms to ensure that their impact could be quantified rather than estimated from other data.

“We said we wanted science that occurred in the catchment because everything we were asked to accept was based on science in the Rotorua lakes and the pumice country there. We argued we had a different climate and possibly a different geology. So we asked through the TLC group for volunteer farms to basically put their names down and say they’re willing for research to occur on their property. We put our farm in the mix.”

This was a means of engaging catchment farmers in the issue and gaining a better understanding of the science affecting them. Mike and Sharon’s farm proved to have the most ‘average’ soil type and was the most representative of the catchment which resulted in a permanent AgResearch lab being established onsite for longitudinal monitoring of nitrogen leeching through soil.

Through this, Mike and Sharon built strong relationships with AgResearch and the scientists working with them. Funding came from the Sustainable Farming Fund which was combined with AgResearch's own funding. "It meant the money went further and we had more options, and TLC would do the interim milestone reports. It was a nice way of connecting." The research demonstrated that farming accounted for over 90% of human-induced Nitrogen leeching, "that was the bitter pill we had to swallow."

### 2.3 Operating under a Nitrogen Cap

The science and research indicated that measures needed to be taken to reduce the leached nitrogen from farming in the Lake Taupō catchment. This resulted in a cap in nitrogen being introduced in 2004. This cap is in perpetuity, meaning that in order for Taupō Beef and Lamb to grow it needs to gain revenue without increasing leeching of nitrogen. Accepting a cap on nitrogen means a cap on livestock as extra livestock means extra nitrogen being leached (Barton and Barton, 2016).

Following the introduction of the nitrogen cap, Mike developed an economic model of its likely impact. Mike discussed the findings of his modelling in his interview.

"I modelled for the court the economic impact, I had taken 6 farms in the catchment including our own, I took the 2005 financial returns and used those. It was a good year return-wise, it gave a modest prediction. I modelled over 10 years with a static income with livestock numbers capped in perpetuity."

The results of the modelling were highly demotivating for the farmers (Phillip, 2016) as they suggested that they would be out of business within nine years (Barton, 2012).

The creation of legislation was ongoing as it was a struggle to find middle ground between the impact of farming on the environment informed by science, the policies and policymakers, the livelihood of farmers in the catchments, and the concerns of the public regarding water quality, "We challenged the concept of a cap in stock numbers." A nitrogen cap in perpetuity meant that while small animal performance gains could be met, businesses were not permitted to grow as more livestock meant more nitrogen and worse water quality over time.

"I could see the modelling, so I knew if we were to continue farming in the catchment basically, once you've got the per animal performance gains out of your farming system, you can't grow your business... That's what pollution limits do. Imagine if you told [airlines] they can only take so many passengers. That's what we accepted!"

Intensification became off-limits in the Lake Taupō catchment, and this was an environmental trend that was likely to affect other areas in New Zealand (Phillip, 2016). Grappling with water quality issues with imposed legislative changes signals a significant disruption that New Zealand farmers are facing, or are likely to face, which threatens their ability to remain a viable business.

Food is now cheaper for consumers than in any other time in history (Buchanan, 2019). Producers of food have been steadily receiving less and less money for their products (Phillip, 2016) and to meet rising costs and reduced revenue, farmers and other food producers have typically had to intensify and grow more from their land to stay on top of costs and remain in business (Buchanan, 2019; Phillip,

2016). “Since 2004, the year we were capped at, our costs have increased by over 50% since then... So if we couldn’t grow the quantum of meat we could only grow the value.” Mike and Sharon acknowledged that protecting the environment came at a cost to their business, and this cost required more value to be garnered from production.

“So the reason for starting Taupō Beef was desperation. Our acknowledgement... we signed off on this legislation, and we had to do something about it.”

This disruption has forced the Bartons to innovate ways of garnering a price premium which allow them to operate within a nitrogen cap (and thus protecting the quality of water in Lake Taupō) while making enough money to succeed. Doing so successfully could set Taupō Beef and Lamb as benchmarks upon which other farmers in New Zealand can conduct sustainable business under a nitrogen cap by making the best use of their land without intensification.

With food cost being the cheapest it’s ever been, and the demand for food being the highest, there is a need for consumers to spend more money on food which they perceive as being of high value. As a fisherman, Mike Barton sought to appeal to the consumer’s desire for high-quality water. Sharon described an analogy of the Montana fisherman which inspired Mike’s strategy for garnering a price premium:

“When we were wondering what we were going to do, one morning he came out and said ‘If I was a fisherman from Montana USA and I spent the whole day out on our beautiful lake and admired the water quality, I’m sure I’d be willing to pay slightly more for a quality product that also protected the environment.’ That was the moment that made us stop to think could we produce best quality, give assurance to the consumer that what they were buying was also protecting our beautiful lake, would they be willing to pay slightly more?”

Evidence was indicating that with rising costs and a cap on nitrogen, farmers would need consumers to pay more for products from the Lake Taupō catchment (or any food producer with costly environmental demands). This meant targeting those consumers with demands and values which align with Taupō Beef and Lamb’s efforts to reduce nitrogen leeching and maintain the quality of the water.

“If we’re going to protect the lake and keep it pristine, why not target those who value water quality, target people who understand the issues enough to put their discretionary income towards a product that’s grown in a way that looks after the lake?”

To protect the quality of Lake Taupō and expect consumers to continue to pay low prices for quality meat would have meant the end of viable farming operations in the Lake Taupō catchment. The onus needed to be on the consumer to make purchase decisions which support the quality of the lake by paying slightly more for products produced in the area. This is not only true of the Lake Taupō catchment, but the rest of New Zealand as environmental pressure builds in the agricultural sector.



## Chapter 3

### The Importance of Leadership

The focus of this study is the ways in which leadership of New Zealand agri-food organisations such as Taupō Beef and Lamb can attract a price premium in off-shore markets by emphasising the physical, credence and cultural attributes of agri-food products that are “Made in New Zealand”.

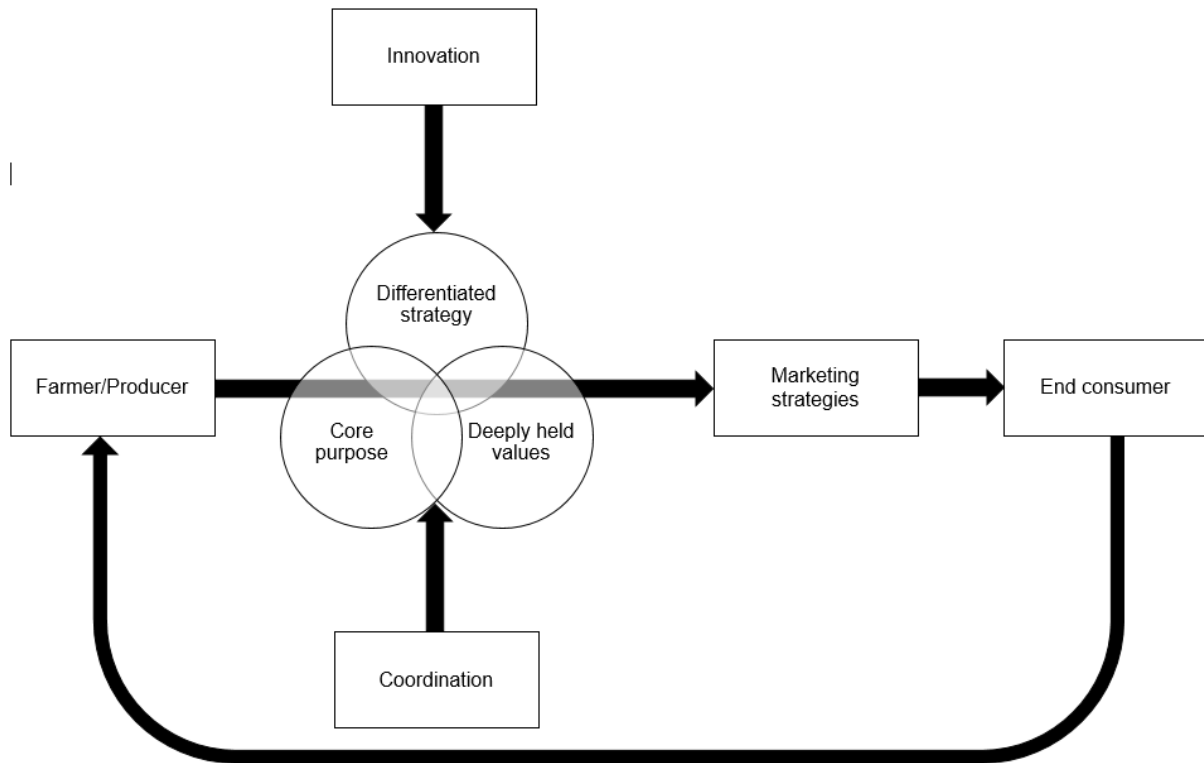
Having a nitrogen cap in perpetuity has meant that Taupō Beef and Lamb have been unable to intensify their land as a cap in nitrogen means a cap in livestock. With rising costs of food production, increased demand for food, consumers paying less for food, and environmental mitigation in food products being extremely expensive, value-adding processes are essential.

Taupō Beef and Lamb under the leadership of Mike and Sharon Barton is an exemplar of how leadership can guide agri-food organisations through disruption by developing the value of agri-food products. Furthermore, Mike and Sharon have demonstrated that this is able to attract a price-premium in overseas markets. With similar disruptions likely to affect other agri-food producers in New Zealand it is hoped that this case study offers a benchmark of research-based success which can assist other agri-food enterprises in an increasingly complex organisational scape.

#### *A Model of Value-Adding Leadership*

The main finding in previous pieces of work in this research programme has been that innovation, coordination and effective marketing strategies are central to New Zealand agri-food organisational success (Mayes, Wall and Cammock, 2019). The previous case study of John Brackenridge and New Zealand Merino introduced a model of primary sector value-adding which showed a hypothesised relationship between innovation, coordination, marketing strategies, and the movement of agri-food outputs through a value chain. This showed how farmers/producers create a product, how this is endowed with value through value-adding strategies, marketing to consumers, and sold to consumers who are linked to the farmers/producers through methods such as traceability. This model has also been applied to the leadership of the Bartons in Taupō Beef and Lamb and provides a framework through which the recent success of Taupō Beef and Lamb can be summarised. This model is shown in Figure 1 overleaf and structures the following arguments.

**Figure 1: Model of Value-Added Leadership**



## Chapter 4

### Leadership and Taupō Beef and Lamb

#### 4.1 Core Purpose

The purpose of Taupō Beef and Lamb is detailed on its website, “Protecting water quality by rethinking quality meat” (<https://www.Taupōbeef.co.nz/>). This summarises their core business, which is to innovate how to increase meat quality and value in order to meet the increased costs associated with protecting Lake Taupō.

Beyond what the company strives to do, Mike and Sharon detailed their own personal sense of purpose. They recognised that what was happening to farmers in the Lake Taupō catchment was an issue that had implications across all of New Zealand and was an issue that wouldn’t go away:

“I was really concerned, my banking hat came on, I thought this is really scary stuff, if policy steamrolls through the country without looking at economic implications, this is really scary. In New Zealand we’ve all grown up somewhere well economically, we’ve had a certain standard of living. I was concerned about policy going straight through and then suddenly going afterwards, how has that affected us and our GDP and our country? For me, that was a huge motivation to be involved.”

#### 4.2 Deeply Held Values

Another core component of the success of Taupō Beef and Lamb is the deeply held values of its leaders. Organisational values are the principles by which both individuals and organisations live (Sullivan, Sullivan and Buffton, 2001). These principles motivate behaviours which achieve desirable goals (Kosteljik, 2017). Deeply held values also motivate behaviour and facilitate organisational change (Sullivan *et al*, 2001). Values are defined by the end consumer (Macharia, Collins and Sun, 2013), so alignment with values is important for encouraging purchase behaviour.

The values of Taupō Beef and Lamb permeate into how they do business and credence values such as these feed heavily into the processes of innovation, coordination, and marketing. Bass and Avolio (1993) argue that leaders shape a culture of shared values through their personal beliefs. For Taupō Beef and Lamb, these values include connections, supporting local farmers, animal welfare, and environmental stewardship.

##### *Connection*

Connection to the region, to the environment, and to the people is the value which motivated the Bartons to move to Lake Taupō. Mike Barton described his connection to the region and the natural environment surrounding the lake. He felt it was important to invest in protecting the lake for future generations including his family.

“We have two children and we have a grandchild now. They’re going to grow up in a world where we have to resolve some of these issues. The timeframe we’re talking about with Taupō legislation is 80 years, so we won’t know whether what we’ve done has worked. My grandson will be 80 by the time we know. It’s a huge leap of faith this whole process. Why did I do it? I suppose because of the time I’ve spent in the natural world through fishing and hunting and running around the mountains, that affects me deeply, I feel connected to the world and I can see the changes in Taupō.”

### *Supporting Local Farmers*

Mike and Sharon were asked why they didn’t give up in light of all the warning signs that their business would not be viable. They felt that it was their responsibility to support the farmers in the area and help lead farmers in New Zealand to remain in business while supporting the environment.

“I believe there’s been lots of times one of us has said this is too hard but never at the same time. I believe Mike’s motivation is because he feels deeply responsible because he signed off on behalf of the farmers in this catchment. That’s my gut. When things are tough, he’s got that in him that he’s the one who signed off and he’s got to find a way forward.”

Sharon described Mike as someone with a natural affinity for supporting others and having a personal sense of responsibility. “I think Mike was the perfect person to have done it and represent farmers when emotionally things became quite tense within the catchment. Mike’s got very high EQ.”

### *Animal Welfare*

Central to the product which Mike and Sharon advertise is the value of animal welfare and producing quality meat products through happy, healthy livestock: “Animal welfare grabs consumers more than water or air quality.”

Animal welfare has implications for quality, and this is important for food retailers who require consistency in products. Consistency and quality are important values to Taupō Beef and Lamb. If an animal goes hungry, the quality of the meat is affected, and a lack of consistency in quality is a frustration for the restaurant trade (Calcinai, 2016). Animal welfare stands out as not just a personal value of the Bartons, but one which upholds the physical quality of their outputs.

### *Environmental Stewardship*

While it could be concluded that measures which place a higher value on environmental sustainability than intensified business are damaging to farming, this sentiment is not true of Taupō Beef and Lamb. Mike and Sharon’s enterprise has been a marriage of business insight and environmental stewardship. Mike’s personal connection to the land and passion for the environment is a driving force for his vested interest in maintaining the quality of water in Lake Taupō.

Furthermore, acting in accordance with environmental pressures has been good for business and Sharon recognised that as water quality became more widely recognised, sales increased.

“When water quality became a political issue last election, our sales went up. I was intrigued that people became aware of our product more as there was more media attention to water quality and agriculture.”

### 4.3 Differentiated Strategy

Innovation is a process which adds value to existing products and services or creates new ones (Coltrain, Barton and Boland, 2000), differentiating them from competitors. The following section of this case study discusses innovation in Taupō Beef and Lamb, however engaging in innovation supports a differentiated strategy. Differentiation can be defined by three strategies which help organisations grow and profit (Zook and Allen, 2001):

- 1) Define the business boundaries and core business;
- 2) Identify the sources of differentiation that will continue to create market power and influence with customers, competitors, and industry profit pool; and
- 3) Comb through the core and assess whether it is operating at or near its full economic potential.

For Taupō Beef and Lamb, the differentiated strategy is a sink or swim scenario whereby differentiation occurs and profit is made under a nitrogen cap, or business continues as usual and farmers in the catchment are unable to operate under rising costs and a cap on livestock numbers.

According to Zook and Allen (2001), core business needs to be assessed regarding whether it is meeting economic potential. For farmers in the Lake Taupō catchment, economic potential means thriving under a nitrogen cap where farming intensification is no longer an option for growing business. Adoption of a differentiation strategy adapts core business of farmers to produce food which garners a profit while maintaining the water quality of Lake Taupō. Without differentiation, Mike’s economic model shows businesses will fundamentally fail within a few years.

Mike argues that having a differentiated strategy is not only important for survival in the Taupō catchment but for agriculture in New Zealand in general as environmental pressures grow. Science occurring in lakes such as Lake Taupō has implications for waterways across the country, and with issues such as climate change gaining public and political interest, farming costs are likely to increase with pressure put on farmers to meet costs without intensification.

The global agricultural industry has typically been defined by efficiency, high-volume, consistency in quality and economies of scale (Grunert *et al*, 2005). Much of the differentiation strategy used by Mike and Sharon Barton to grow their business in the face of environmental pressures involves moving away from commodity status. Typically, meat products from farmers have been treated as a commodity, focusing on effectiveness and efficiency over quality and mission.

“We were wanting to improve meat quality by aging it, again, that’s a cost. Good ideas have costs to the processor. They want to take animals in, kill them, meat in, meat out... They’d been completely working on commodity model, all in, all out, money in, money out.”

Moving away from commodity status has meant valuing quality over quantity. Having a nitrogen cap has meant not being able to farm as many animals as possible. Rather than producing large quantities

of animals, Taupō Beef and Lamb has had to focus efforts on producing fewer animals which are of a quality that consumers are willing to pay for. This includes being grass-fed, aged, without antibiotics, and without growth hormones.

Differentiating how meat is produced, farmed, and priced, means changing a 'normal' standard in New Zealand. This change indicates a need for alignment across the entire value chain which includes consumers being aware that producing meat comes at a cost to the environment, and they play a responsibility in covering that cost.

Greg Muir states that farmers need to take serious action toward sustainable farming which respond to market signals.

“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 faster and have more concrete goals. You don't see farming directors responding to market signals.”

Having a differentiated strategy means doing things differently to traditional and accepted ways of operating. It can be met with uncertainty, distrust, and significant resistance, as is the case with Taupō Beef and Lamb. The Bartons have described this experience as being “damn hard” and requiring perseverance to maintain.

#### 4.4 Innovation

Innovation is a key driver of differentiation and one of the main activities to add value to products and processes in the agricultural sector (Coltrain *et al*, 2000). Innovation is an activity associated with uncertainty and risk and is generally undertaken in response to competitive pressures and opportunities for differentiation (Roper, Du, and Love, 2008). Rather than competition, innovation is a response to disruption and risk for Taupō Beef and Lamb.

Throughout the value chain firms are presented with differentiation opportunities through innovation (Humphrey and Memedovic, 2006). Taupō Beef and Lamb have attempted to innovate their outputs by influencing the value chain at various levels (discussed more in the coordination section of this case study).

Acting innovatively requires strategic insight. This means looking at the fundamentals of business without being distracted by day-to-day crises as these hinder organisational innovative performance (Zook and Allen, 2001). Mike and Sharon Barton have had the insight to detect disruption opportunities to increase the value of their product under a nitrogen cap.

#### *Creating a Brand*

While branding is typically considered a marketing strategy to communicate value, branding is discussed in this context as an innovative departure from meat as a commodity. One of the most impactful strategies Taupō Beef and Lamb have implemented to create a valuable product which is able to garner a price premium in the face of environmental pressures is the creation of the Taupō Beef and Lamb brand.

As discussed earlier, meat production has largely been defined by its status as a commodity with high input from farmers and high output to consumers, which offers a comparatively cheap product. The Taupō Beef and Lamb brand is one which is associated with quality. This is through selling a product which is associated with the Taupō Beef and Lamb farm and its suppliers, and associated with the environmental stewardship which protects the water quality of Lake Taupō.

Much of this value is grown at production rather than at other points in the value chain. This way, the Taupō Beef and Lamb brand is associated with meat which is grown to be of high quality from the very beginning of the value chain.

### *Internalising Environmental Costs*

As discussed earlier, costs for food production are steadily rising, however, under a nitrogen cap which protects the water quality of Lake Taupō, profits are projected to remain stagnant. Internalising environmental costs means incorporating the costs of environmental stewardship into the price for Taupō Beef and Lamb outputs. For farmers to front the costs for the environment, their income needs to reflect their contributions to protecting their environments. This means consumers pay more for a quality product which they feel adequately meets environmental needs:

“For the consumer to expect that a farmer has got to meet all those costs would just drive farming offshore. To expect the consumer to pay the environmental costs of food production which have never been internalised, we’ve told them food is cheap, they’re not going to pay all those costs overnight. Real success for me in the brand is the conversation we’re starting with consumers about this issue and the fact we’re sharing those costs.”

Sharing the cost of environmental sustainability is a discussion which is part of the wider climate change discussion. Taupō Beef and Lamb argue that everyone has a part to play, and for consumers to want to continue to eat meat, they need to consider the cost of its supply and be willing to pay a premium for sustainable products: “At the moment the discourse around climate change is just trying to blame other people, no one is sitting down saying ‘we’re all in this together’.”

This principle of sharing the environmental cost with consumers was tested overseas. As Taupō Beef and Lamb was inhibited by a nitrogen cap to protect the water quality of Lake Taupō, it was believed that this would only have national significance as consumers overseas would likely never have heard of Lake Taupō in New Zealand or have a personal connection to its story.

“But we wanted to know whether people outside of Taupō, would they value what we were doing as farmers to protect our national icon, Lake Taupō? Taupō has national significance; would they support that? Would they be willing to pay slightly more for our brand?”

Being able to garner a price premium in offshore markets with a product which protects the water quality of Lake Taupō was considered a test of how well their export model worked:

“Given that 85% of what we produce in New Zealand is exported, I always felt we wouldn’t have tested the model until we went to an export market. The people buying the product are unlikely to have visited the lake. That would be the true test of the story.”

How selling in offshore markets is working for the Bartons is further discussed on page 18 of this report in terms of how Taupō Beef and Lamb products are marketed to consumers in Japan.

Internalising environmental costs requires robust science and market changes to get farmers on side with rapid change. Where science is absent, the risk is too high for farmers to engage (Buchanan, 2019). How environmental stewardship is made explicitly salient to consumers is discussed in greater detail in the marketing strategies section of this case study.

### *Using the Entire Carcass*

A recent innovation of Taupō Beef and Lamb is the expansion into small goods, e.g. sausages. This innovation involves gaining more total value from the entire carcass rather than using a small select portion of the carcass to produce high-value products. This started in 2018 and is due to be sold in the summer of 2019/2020.

“...we have to use the whole carcass, need to get a premium across the whole carcass before you have a sustainable model. We’ve developed a range of small goods, sausages, burger patties, meatballs, they’d use the trim and lesser cuts... Throughout New Zealand. We wanted to go into spring to capture the BBQ season but issues to do with product quality and all the nutritional information packs, to get all that sorted took longer than we thought. We went to market in April, not a good time, we’re running 50-70% ahead of budget in terms of sales, so we’re probably at the point we’re using the whole carcass. The sausages are looking at significant sales now which has really given us scale and ability to utilise the whole carcass.”

### *Packaging*

Packaging has been an area for innovation as New Zealand meat packaging is largely plastic and polystyrene. Taupō Beef and Lamb have been using sustainable food packaging which allows for more recycling and reusability.

“The cardboard sleeve can come off and go in cardboard recycling, this can be washed out and recycled. We’re very proud of that.”

## 4.5 Coordination

“What we can do has an impact, but who you work with impacts the quality of the meat” (Calcinai, 2016).

This quote from Mike in a magazine article highlights the principle of coordination being essential for adding value to agri-food outputs. Mike and Sharon have strong vertical and horizontal coordination across the value chain to endow their agri-food products with value under a nitrogen cap.

Horizontal coordination occurs at the same point in the value chain, and vertical coordination occurs between different levels (such as between farmers and retailers) (Bijman, Muradian and Cechin, 2011). Coordination connects value across the value chain until it is delivered to the consumer. Horizontal coordination is evidenced by Taupō Beef and Lamb working collaboratively with farms in the catchment to supply Taupō Beef and Lamb branded products (Calcinai, 2016).



Mike and Sharon Barton have built strong relationships across the value chain through vertical coordination. The improvement of existing distribution structures has been an important driver of value-adding for Taupō Beef and Lamb. This includes butchers, retailers, and end consumers:

“There’s been other people who have got frustrated in the agricultural industry who have started brands and tried to take someone out of the chain, but we’re trying to build relationships right down the train... It’s a perishable product, you have to do that. You have to rely on existing distribution structures.”

Mike and Sharon Barton have also formed strong relationships with retailers. Part of this coordination was running trials of meat at restaurants to determine whether consumers at a restaurant were willing to pay a premium for Taupō Beef and Lamb beef having heard the story of Taupō Beef and Lamb.

“One was the Hilton Hotel. That was a big rigmarole because we had to get our meat tested by a bunch of chefs in Auckland. We ran staff sessions and talked to waitresses, front of house, back of house... ‘Taupō Beef is...’, implications for farmers, for the lake...”

This experience working with restaurants precipitated the building of very good relationships with chefs and restaurant owners/workers:

“Initially, the first five years was in the central plateau only, and those relationships with chefs were really close. We were out delivering meat, so we were meeting trucks at midnight, dropping off meat. It was all locals meeting locals.”

Another relationship formed was with a local supermarket who agreed to stock Taupō Beef and Lamb beef cuts. “We approached PAK’nSAVE Taupō, that was where people thought we wouldn’t go with premium gourmet product, but we decided they were locally owned... and we knew the owner there had been interested in what we were doing.”

### *Engaging with Scientists and Policymakers*

The environmental issues which have resulted in a nitrogen cap have been informed by scientific inquiry. Engaging with policymakers and scientists has allowed the Bartons to have a better understanding of their impact on the environment and have these parties on side as much as possible:

“We saw the issue wouldn’t go away, we need to engage with the bureaucrat, we need to engage with the scientist, and try to make sense of what’s going on here and try find a way forward. But some thought the only way to deal with a bureaucrat is slam down the phone, slam the door in their face.”

Mike Barton joined the Lake Taupō Protection Trust after writing an open letter about how it was morally wrong for them to construct legislation which drove the value of land down, then use that as a justification of paying less than market value for those already losing. This led to Mike joining the Lake Taupō Protection Trust as a Trustee:

“So there was a very, very difficult meeting held in our old shed where the chair of the Lake Taupō Protection Trust said the legislation had driven the value of land down, the Trust was only going to pay the value of that land... I stood up and said you can’t construct legislation that drives

the value of land down then use that as justification of paying less than market value. So, I wrote an open letter to the Trust and to the Ministers involved at the time and said it was morally wrong even if legally you could get away with it. I was asked to join the Trust as a member, so I resigned from my role as chair of Taupō Lake Care.”

During his time as a Trustee of the Lake Taupō Protection Trust, Mike managed to leverage his role to conduct independent valuations of every property and pay landowners the average of these valuations if they chose to sell.

“I became a Trustee and the first thing we did was get two independent registered valuations on every property... I said to the Trust basically we want to be the place that people come to when they want to sell their farm... So we came up with a model where two independent valuations were done on each property that were made available to the Trust as a possible purchase and we paid the average of those two valuations. We instructed the valuers to evaluate the land as if there was no legislation in place as if they were existing outside the catchment, or comparing them to outside the catchment.”

Despite his feeling that he was perceived as being the ‘enemy’ at the time, Mike worked with, rather than against, the Lake Taupō Protection Trust to help farmers in the catchment get a fair price for their land.

### *Trust*

Much of Mike and Sharon’s business is built on the principle of trust. Because of this, Mike and Sharon don’t use contracts:

“The fact is they trusted us. I’ve never let them down. We said we would not work with farmers unless they were operating under their rules and following the legislation. Once a year I check in with the regional council enforcement person and just double check behind each of the farmers I’m working with and checking they’re fully compliant etc. And yeah they have been, and so yes, one station manager working with us now, I asked if we needed a contract, and he said ‘If we need a contract then we shouldn’t be doing business because you don’t trust me’.”

## 4.6 Marketing Strategies

Marketing channels communicate value-add to consumers (Coltrain *et al*, 2000). Shifts away from producing commodities calls for innovation and coordination to be used in an entrepreneurial marketing approach (Lewis *et al*, 2014). Taupō Beef and Lamb have used marketing orientations and environmental marketing to communicate the value of its products to consumers, a shift from traditional commodity-based farming.

### *Marketing Orientation*

A market orientation is a marketing and branding strategy whereby outputs are designed in response to consumer demands (Urde, Baumgarth and Merrilees, 2013). For Taupō Beef and Lamb, this means aligning their products to what the consumers want, which is grass-fed (no external supplements or palm kernel), aged to improve tenderness, no antibiotics, no growth hormones, free-range with high

animal welfare, and from a consented farm operating under environment regulations (Buchanan, 2019). These are physical and credence values important to consumers.

For overseas markets such as Japan, Taupō Beef and Lamb have also aligned their product to the market needs. This model does not assume that the same cuts of premium meats valued in New Zealand are valued in countries like Japan and a similar demand cannot be expected. For example, scotch fillet is sliced thinly for traditional Japanese dishes (Piddock, 2018). Beef is not a traditional part of the Japanese diet and the Bartons were aware that they cannot expect Japanese consumers to consume beef the in the same way that New Zealanders do (*idem*).

A brand orientation is different to a market orientation in that it is an inside-out approach with the brand identity as the key concept (Urde *et al*, 2013). While fundamentally opposite in nature, market and brand orientations are not mutually exclusive as a product may be advertised with a historic brand but which adapts to market demands (*idem*). An example of brand orientation in Taupō Beef and Lamb is how the beef exported to Japan has a different flavour profile due to being grass-fed (Piddock, 2018).

### *Environmental Marketing*

Environmental marketing involves the communication of environmental components of stewardship and care to consumers as a technique to encourage purchase behaviour. Miles and Covin (2000) argue that reputation is an intangible asset related to marketing and financial performance, and environmental performance is an increasingly important component of organisational reputation.

One of the most impactful and innovative ways that Taupō Beef and Lamb have marketed their environmental commitment is by negotiating with the Waikato Regional Council to get an 'environmental tick' which can be used on their packaging.

As Mike said in an interview for *Rural News*, "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" (Tipa, 2018).

The decision to give an environmental tick for farmers passing environmental audits was unanimous by the council members at the meeting indicating strong support for this innovation, "When I went to that full meeting of council, no one was absent, the chair said that was the first time in her memory that there'd been a unanimous decision by council."

Mike discussed how the environmental tick is a way for Taupō Beef and Lamb to demonstrate it is 'doing right' by the environment beyond just having a narrative. It offers consumers an opportunity to validate claims from the Council rather than blindly trusting environmental claims.

"The really intense, young consumer, who's really struggling with whether they should eat meat or not, they can go to Waikato Regional Council's website and see Mike and Sharon have just been audited and they're fully consistent with water quality claims. That's the level of detail that we have to go to about any of these claims when we're trying to capture value."

This environmental marketing is important to consumers of Taupō Beef and Lamb. "Above all else, they wanted real claims around environmental performance" (Barton and Barton, 2016).

## 4.7 Connecting the End Consumer to the Producer

Transparency and traceability are important to consumers who like receiving authentic messages on the quality and values of Taupō Beef and Lamb such as animals being grass-fed, without antibiotics, and no growth hormones (Barton and Barton, 2016).

Mike and Sharon had extensive experience dealing with consumers, and their philosophy was to capitalise on face-to-face interaction. This way, they could communicate their business and their message clearly to consumers. This was largely done through offering samples at various retail venues:

“Rather than hire tasters we’d rather do it ourselves, then people see you, know you’re the farmers, want to talk to you... That was exciting. It was nice to talk to people.”

Some of this has occurred in Japan where Taupō Beef and Lamb products are exported. There are cultural differences between how New Zealand and Japanese people eat and prepare food. Sharon discussed how the experience in Japan helped their business.

“We’ve just come back from Japan about two weeks ago, it’s a great way to connect with consumers as someone up there felt it was important they saw the face of the brand. We got there the day of the start of the Rugby World Cup, we basically went supermarket to supermarket. It’s a foreign concept, a big steak, they’re not used to eating a steak the way we do; they had lots of questions. Mike was the chef, he did a good job. I just talked to them... Our combined photograph was on every piece of meat. People and relationships, having a face to who it is.”

Mike discussed how this is a successful enterprise and the story of Taupō Beef and Lamb is one which is evidently profitable overseas.

“Is it successful? We’re getting currently 15-20% more than any other beef sold from New Zealand to Japan, where we’ve captured sales is wagyu. We got customers coming to us from the animal welfare perspective. Those concerned that the level of fat in wagyu beef is extensive.”

## 4.8 Personal Attributes

Having resilience and grit have been key aspects of Mike and Sharon as leaders. When things have been difficult, Taupō Beef and Lamb have continued to work: “Invested so much emotional and physical energy into something. You don’t want to give up.”

The amount of time and effort required is not always broadly understood by others: “What disturbs me is you’ve got every creed saying we’ve got to stop producing or we’ve got to grow the value and it just rolls off the tongue as if it’s so easy to do... It takes a lot of time and effort, or a lot of money or both.”

Having sustained energy to lead change was something discussed in the case study of New Zealand Merino. John Brackenridge was someone who was energised by resistance.

“I guess, perversely, the more people were pushing against me the more determined I was and the more I was required to work harder. The differentiation to go on the edge of the curve. Try the innovative stuff.”

This energy in the face of disruption is something common to both case studies.

## 4.9 Implications for New Zealand

Discussions with leaders in New Zealand who are succeeding in adding value to agri-food products show that significant disruptions are occurring across New Zealand with regards to evolving consumer demands, environmental pressures and associated legislative changes. Farmers in New Zealand may be asking themselves, “Are we going to make it?” With mounting pressure and stress, farmers may be feeling that they are powerless to succeed and grow while the market changes and devalues their work.

Taupō Beef and Lamb is one of many farming organisations which has had to adapt to changes imposed on them which threaten their livelihood. Because of this, they have an understanding of how farmers across New Zealand are likely feeling as these changes gradually and consistently roll out.

The Bartons recognise the challenge which New Zealand is facing to produce agri-food products and make a profit on those outputs. This requires work across sectors, agri-food producers need to innovate their business, while politicians need to carefully formulate policies which protect the environment but give farmers a fair chance at running a financially sustainable business:

“Environmental legislation, water quality or greenhouse gasses, it doesn’t matter which, 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. For politicians to make it work you have to provide certainty of legislation over a long period of time, 25-30 years.”

Mike Barton suggests that effort in the New Zealand agri-food sector needs to be exerted in creating consistency, and that legislation needs to give clear direction and plans for the future: “We have to give certainty of legislation to farmers, or food producers as I prefer to call them. We don’t do that, we just talk in these glib terms and it drives me nuts.”

Mike said there’s a chance that New Zealand will not rise to the challenge of meeting these needs. Major food retailers are the ones which hold a disproportionate level of power and Mike believes that for consumers to access farmers’ products, they need to be meeting these complex demands and consumers need to be able to afford the associated cost:

“In simple terms, if we don’t, and there’s a good chance we won’t [make it], all the things we’re talking about with environmental stewardship will just become access issues, they will not become premium issues. You’ve already got major food retailers of the world who hold so much power, a disproportionate amount, saying if you want to negotiate around the table to get your product in our supermarkets, you have to have done these things already environmentally. So, there’s a very real risk that if we don’t show leadership, if we don’t manage this well, all of those things they’re talking about growing value from will just become access market, access issues.”

This requires strong, competent leadership. Change is occurring fast and leadership which facilitates adaptation to add value to outputs is essential. “I agree with John Brackenridge, we’ve got a once in a lifetime chance to do this, we’ve probably got a very short time horizon, if we stuff it up it will just be market access. It’s already looking like that now.”

Without leadership, farmers will quickly find themselves irrelevant and without demand. “If we don’t do it, and we don’t lead the debate, the big retailers who hold absolute power worldwide in all food value chains, they will just turn around and say sorry we won’t put your product on the shelf unless you do all these things. Then they’ll screw you on price.”

Farmers may, however, be held back by their own beliefs that farmers do not have a significant environmental impact and that the disruptions present in the agri-food sector across New Zealand do not apply to them. Change is inevitable and New Zealand farming leaders need to recognise their input to environmental issues such as water quality and climate change and proactively adjust their practices and innovate solutions.

Being attuned to these issues and acting on them quickly has been key to the success of Taupō Beef and Lamb.

“When we came here, 2004 through to 2012, farming didn’t want to admit they made an environment footprint. So it’s really only the last six years we’ve now got Beef and Lamb New Zealand, Federated Farmers actually trying to look at ‘OK we are making an environmental footprint, how can we reduce that or mitigate that?’ So that’s a huge step in itself. Our farming leaders for a long time didn’t want to go there.”

## Chapter 5

### Conclusions

Taupō Beef and Lamb has had to adapt to face significant disruptions in the form of environmental pressures and legislative changes. This has involved negotiating business under a nitrogen cap and transforming their outputs from commodities to something which is of high-value and that consumers are willing to pay a premium for. This premium is a survival technique for the farm to remain viable as a nitrogen cap has meant that stock numbers are capped.

This case study provides an example of how agri-food producers across New Zealand can work collaboratively to farm in a more environmentally friendly way, adapt to changing policies, and add value focusing on physical, credence, and cultural attributes. The Unlocking Export Prosperity Research Programme is exploring how these values can be added to New Zealand agri-food exports, and Taupō Beef and Lamb is an example of how this is done successfully through leadership.

Mike and Sharon Barton have transformed Taupō Beef and Lamb to be a high-value exported product which operates within environmental boundaries. How Mike and Sharon have used innovation, coordination, and marketing to increase their products' value in the market have helped not only their business to survive, but they have positively impacted other businesses in the catchment affected by such regulations.

A leadership model which was developed for the case study of New Zealand Merino summarised the aspects of Taupō Beef and Lamb which have made it successful. This model shows how products move through a value chain from the farmer to the end consumer, with value being added through innovation and coordination, and communicated to the consumer using marketing strategies. A strong core purpose, deeply held values, and a differentiated strategy have underpinned the success of value-adding efforts.

Much of the success of Taupō Beef and Lamb can be attributed to deliberate efforts to lift beef and lamb products from their commodity status and innovating how business is conducted. This has included creating a brand rather than a commodity, internalising environmental costs, using the entire carcass, and using environmentally-friendly packaging.

Coordination efforts, both horizontal and vertical, have also been important to mobilising and providing support which carries value from the farmers to retailers. Supporting local farmers has been a particular focus on Taupō Beef and Lamb and a contributing factor to why Mike and Sharon have stayed in the Taupō catchment in the face of significant disruption. Mike Barton felt a strong sense of responsibility for farmers in the catchment, as well as across New Zealand, which has fuelled his drive for greater coordination efforts.

Marketing value to consumers has largely relied on environmental marketing, and this was done with help from the regional council. Because Taupō Beef and Lamb are audited, the council provide an 'environmental tick' as validation of their environmental efforts which they can display on their packaging and communicate to consumers. This is an important part of not only supporting a narrative

of sustainability but giving consumers something which they can verify. Combining market and brand orientation has also been pivotal to communicating values to consumers. Taupō Beef and Lamb have made deliberate efforts to connect with consumers through transparency and traceability. Much of this has been face-to-face relationship building.

Farmers in New Zealand are needing to adapt to ongoing market signals, regulations and legislation which disrupt traditional business. Leaders need to have insight to recognise how and when to differentiate to grow their business sustainably. Legislation in the agri-food sector needs to be consistent and give farmers certainty.

Strong leadership is essential throughout the sector to support farmers through change and adaptation. One of the biggest barriers to adaptation is complacency. Farmers may not believe that they have a significant environmental impact and that disruptions occurring across the agri-food sector do not apply to them. Being attuned to issues and acting on them quickly has been key to the success of Taupō Beef and Lamb.

This case study is the second of six case studies focused on how leadership in New Zealand agribusiness organisations adds value to products. This added value is not only the physical aspects of the product but the credence and cultural attributes. Taupō Beef and Lamb is a prime example of how leadership in New Zealand can lead agri-food organisations through times of significant disruption to produce high-value products which garner price premiums in New Zealand and in offshore markets.



## References

- Avolio, B.J. (2007). Promoting more integrative strategies for leadership theory-building. *American Psychologist*, 62(1), 25-33.
- Avolio, B.J., Walumbwa, F.O. and Weber, T.J. (2009). Leadership: Current theories, research, and future directions. *Annual Review of Psychology*, 60(1), 421-449.
- Barton, M. (2005). *The possible implications of a nitrogen cap on farming businesses within the Lake Taupō catchment*. Unpublished Project, Southern Cross University Master of Business Administration Programme.
- Barton, M. (2012). Mike Barton – Beefing Up in Taupō: Putting Sustainability Back into Red Meat Meals. [Video file]. Retrieved from <https://www.youtube.com/watch?v=3xyoNxpsZhU>.
- Barton, M., and Barton, S. (2016). Who is the Real Polluter; the Farmer or the Consumer? [Video file, 20 August]. Retrieved from Ted talks Tauranga 2016.
- Bass, B. M., and Avolio, B. J. (1993). Transformational leadership and organizational culture. *Public Administration Quarterly*, 112-121.
- Bijman, J., Muradian, R. and Cechin, A. (2011). Agricultural cooperatives and value chain coordination. In A. H. J. Helmsing and S. Vellema (Eds.), *Value Chains, Social Inclusion and Economic Development: Contrasting Theories and Realities*. London: Routledge, pp. 82-101.
- Buchanan, F. (2019). Putting down new roots, part four: Taupō Beef and Lamb shares progressive views from the paddock. Retrieved from: <https://idealog.co.nz/venture/2019/02/putting-down-new-roots-part-four-Taupō-beef-and-lamb-shares-progressive-views-paddock>.
- Calcinaï, A. (2016). Relishing the challenge. *Country-Wide Magazine*, June. Retrieved from [https://3d47ea0d-0ebd-4e91-9064-34153e2bde3a.filesusr.com/ugd/cb404c\\_032c2909af3243f89bfc3fa413792009.pdf](https://3d47ea0d-0ebd-4e91-9064-34153e2bde3a.filesusr.com/ugd/cb404c_032c2909af3243f89bfc3fa413792009.pdf).
- Coltrain, D., Barton, D. and Boland, M. (2000). *Value-added: Opportunities and strategies*. Arthur Capper Cooperative Center, Department of Agricultural Economics, Cooperative Extension Service, Kansas State University.
- Edgar, N. B. (1999). Land use in the Taupō catchment, New Zealand. *New Zealand Journal of Marine and Freshwater Research*, 33(3), 375-383.
- Gibbs, M. M. (2006). Lake Taupō long-term monitoring programme 2004-2005. Environment Waikato.
- Grunert, K. G., Jeppesen, L. F., Jespersen, K. R., Sonne, A. M., Hansen, K., Trondsen, T. and Young, J. A. (2005). Market orientation of value chains: A conceptual framework based on four case studies from the food industry. *European Journal of Marketing*, 39(5/6), 428-455.

- Humphrey, J. and Memedovic, O. (2006). Global Value Chains in the Agrifood Sector. Working paper retrieved from United Nations Industrial Development Organization website: [https://www.unido.org/sites/default/files/2009-05/Global\\_value\\_chains\\_in\\_the\\_agrifood\\_sector\\_0.pdf](https://www.unido.org/sites/default/files/2009-05/Global_value_chains_in_the_agrifood_sector_0.pdf).
- Kosteljik, E. (2017). *The Influence of Values on Consumer Behaviour: The Value Compass*. Abingdon, Oxon and New York: Routledge.
- Leathwick, J. R., Clarkson, B. D. and Whaley, P. T. (1995). *Vegetation of the Waikato Region: Current and historical perspectives*. Manaaki Whenua Landcare Research.
- Lewis, G., Crispin, S., Bonney, L., Woods, M., Fei, J., Ayala, S. and Miles, M. (2014). Branding as innovation within agribusiness value chains. *Journal of Research in Marketing and Entrepreneurship*, 16(2), 146-162.
- Macharia, J., Collins, R. and Sun, T. (2013). Value-based consumer segmentation: The key to sustainable agri-food chains. *British Food Journal*, 115(9), 1313-1328.
- Miles, M. P., and Covin, J. G. (2000). Environmental marketing: A source of reputational, competitive, and financial advantage. *Journal of Business Ethics*, 23(3), 299-311.
- Petch, T., Young, J., Thorrold, B. and Vant, B. (2003). Protecting an icon: Managing sources of diffuse nutrient inflow to Lake Taupō, New Zealand. In Diffuse Pollution Conference.
- Phillip, M. (2016). Who is the real Polluter; the Farmer or the Consumer? Retrieved from <https://pureadvantage.org/news/2016/10/20/Taupō-beef/>.
- Piddock, G. (2018). Taupō Beef and Lamb starts exporting its meat range to Japanese supermarkets. Stuff, 16 February. Retrieved from <https://www.stuff.co.nz/business/farming/101495154/Taupō-beef-and-lamb-starts-exporting-its-meat-range-to-japanese-supermarkets>.
- Roper, S., Du, J. and Love, J.H. (2008). Modelling the innovation value chain. *Research Policy*, 37(6), 961-977.
- Sullivan, W., Sullivan, R. and Buffton, B. (2001). Aligning individual and organisational values to support change. *Journal of Change Management*, 2(3), 247-254.
- Tipa, P. (2018). Taupō meat hits Japan at a premium. *Rural News*, 9 February. Retrieved from <https://www.ruralnewsgroup.co.nz/rural-news/rural-management/Taupō-meat-hits-japan-at-a-premium>.
- Urde, M., Baumgarth, C. and Merrilees, B. (2013). Brand orientation and market orientation – From alternatives to synergy. *Journal of Business Research*, 66(1), 13-20.
- Vant, B., and Huser, B. (2000). Effects of intensifying catchment land-use on the water quality of Lake Taupō. *Proceedings of the New Zealand Society of Animal Production*, 60, 261-264.
- Zook, C., Allen, J. (2001). *Profit from the Core*. Boston, MA: Harvard Business School Press.