

2-1-2001

Building Working Relationships in Agricultural Marketing

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Recommended Citation

Kraenzel, D. G. (2001). Building Working Relationships in Agricultural Marketing. *The Journal of Extension*, 39(1), Article 12. <https://tigerprints.clemson.edu/joe/vol39/iss1/12>

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February 2001 // Volume 39 // Number 1 // Tools of the Trade // 1TOT1



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Building Working Relationships in Agricultural Marketing

Abstract

As Extension educators shift in new directions to meet challenges of the brand new millennium, the human resources aspect of our learning partnerships gains in importance. The call is for educational leadership in introducing useful frameworks and models that center on building relationships in agricultural marketing. Three key questions frame our view of the future when we begin to focus more clearly on issues of relationship building. What is the future direction affecting Extension teaching and learning leadership? What are the new educational leadership challenges we face? What are effective educational leadership strategies we may consider in meeting these new challenges?

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Overview

As we in Extension shift our emphasis in new directions to meet challenges posed by the brand new millennium, focus on the human resource aspect of our learning partnerships gains in importance. Apps (1996), for example, introduced us to the "whole person" approach in teaching and learning. The use of this approach in the building of everyday working relationships in agricultural marketing presents one challenging area of attention where we as Extension educators can have significant impact on our clientele's future.

This article compares and contrasts two types of agricultural markets: commodity and agricultural product; discusses some market characteristics and opportunities; and then offers some useful educational strategies for building clientele working relationships in both types of markets.

In the "old days," when there were many buyers and sellers in agriculture, there was less need for cooperation in working relationships. Buying and selling transactions were often viewed as one-time deals, with little thought about repeat business. In fact, in many cases the approach was adversarial in nature. This common "I win-you lose" (control-oriented) perspective prevailed and provided some protection (at least psychologically) against the pitfalls of a "let the buyer beware" business setting.

As buyers and sellers gradually have become fewer and larger, we have seen an emerging need for "win-win" (commitment-oriented) approaches that seek mutual gain (Milligan, 1998; Fisher & Ury, 1999). These approaches center on finding mutual interests that both parties may have in common rather than on taking a position and using argument to gain compromise. Agreement options are then created based on the identified mutual interests discovered through discussion.

Comparing and Contrasting Commodity and Product Markets

One way to understand the differences between control-oriented perspectives and the commitment-oriented perspectives is to compare and contrast the characteristics of traditional commodity markets and agricultural product markets.

As a result of forward-thinking Extension programs leading us to the new millennium, producers in today's agriculture are increasingly knowledgeable and sophisticated in their marketing approach.

For example, efforts such as the National Extension Leadership Development Project (NELD) helped blaze a trail into the 21st Century, as reported by Adrian (1993) and Apps (1994). Furthermore, participants understand the characteristics of commodity markets and more specialized product markets.

Commodity Markets

Cattle producers sell large volumes of a uniform and undifferentiated commodity, where transactions are anonymous (one doesn't know the end user). Decision-makers have limited price, quantity, and quality information available from intermediate sources. Efficiencies usually come from forces and influences not directly engaged in primary food chain activities, such as production or processing. The production and marketing effort is quantitative (objective) in nature.

In the wheat industry, we observe pressure to double train size to over 100 cars per train for transport to terminal markets. Often, the lack of control over these changes by participants along the food chain creates uncertainty and instability in the economic atmosphere from the participant perspective. Storage of nonperishable output continues to be advantageous, thus allowing deliberation time prior to buying or selling. Because buying and selling takes place with a market and is reactive in nature, this situation doesn't necessarily demand the building of relationships. However, the building of relationships is beneficial in other marketing areas, such as input purchasing, storage prices, and other transactions ancillary to the actual sale of the commodity.

Product Markets

Product markets, on the other hand, call for varying volumes of differentiated products through specialized distribution channels. The seller and end buyer are more apt to know one another, and relationships become key to sales stability. Product volumes are typically smaller than in the commodities situation. Food chain participants initiate improvements such as product development or better service to remain competitive. We already see a shift towards product differentiation as a market strategy in the cattle industry, as evidenced by the Certified Angus Beef Initiative. This movement uses the basic working relationship of cooperation.

The buying and selling process in product markets is iterative in nature, demanding that decision-makers have more current and accurate price, quantity, and quality information. Successful marketing and sales are proactive and occur faster than in raw commodity markets (from the producer's perspective). Working relationships are more qualitative (subjective) in nature.

Producer-owned cooperatives that process raw commodities into final products require specially trained marketing personnel. Producer skills in marketing are required in order to properly manage these personnel or perform the functions themselves. Profits depend on timely decisions based on complete information as well as negotiated terms, conditions, and special agreements. Thus, this situation calls for the building of working relationships in the market.

Teaching/Learning Leadership Implications for Extension

Three key questions frame our view of the future when we as Extension educators begin to focus more clearly on issues of relationship building.

Future Direction?

What is the future direction affecting Extension teaching and learning leadership in relation to these emerging circumstances and opportunities?

The future direction involves increasing use of subjective, qualitative Extension frameworks and models to complement the traditional objective, quantitative frameworks and models in educational program planning in agricultural marketing. This allows clientele to take advantage of the increasing market opportunities that arise from this knowledge and the skills and attitudes required to be successful.

Much can be gained from understanding the fundamentals of these two basic markets. There is opportunity with this knowledge to prosper in either market, both markets simultaneously, or in some combination. In fact, the complementary nature of the two models may lead clients to master both and in effect become "bilingual" with regard to market knowledge, skills, and attitudes. The probability is, however, that individuals or organizations will be stronger in one or the other.

The whole-person approach to educational leadership in building relationships is here to stay. Apps (1994) defines this basic leadership philosophy as "an approach that combines thinking and feeling, matters of the head and matters of the heart. At the core of this approach is for leaders to have a well-thought-out personal philosophy of leadership."

The use of a human resource framework facilitates the focus on a whole-person approach to building working relationships. Bolman and Deal (1997) provide an in-depth discussion of this

framework. Another excellent reference is offered by Hatch (1997). Table 1 presents a comparison of characteristics associated with industrialism and post-industrialism in the United States displayed in Hatch's book. This presentation summarizes future directions that collectively affect our clientele and the marketing environment they will be required to operate in.

Table 1

Realities of the New Agricultural Education Environment: Histories, Metaphors and Perspectives

Industrialism	Postindustrialism
Environment	Environment
<p>Nation states regulate national economies</p> <p>Standardization</p> <p>The welfare state</p>	<p>Global competition</p> <p>Deconcentration of capital with respect to nation state</p> <p>Fragmentation of markets</p> <p>International decentralization of production</p> <p>Rise of consumer choice, demand for customization</p> <p>Rise of social movements, single issue politics, service class</p>
Technology	Technology
<p>Mass production along Taylorist/Ford lines</p> <p>Routine</p> <p>Manufacturing output</p>	<p>Flexible manufacturing, automation</p> <p>Use of computer for design, production, stock control</p> <p>Just-in-time systems (JIT)</p> <p>Emphasis on speed and innovation</p> <p>Service/information output</p>
Social Structure	Social Structure
<p>Bureaucratic</p> <p>Hierarchical with vertical communication emphasized</p> <p>Specialization</p> <p>Focused on control</p>	<p>New organizational forms (i.e. networks, strategic alliances, virtual organizations)</p> <p>Flatter hierarchies with horizontal communications and devolved managerial responsibility</p> <p>Outsourcing</p> <p>Informal mechanisms of influence (participation, culture, communication)</p> <p>Vertical and horizontal disintegration</p> <p>Loose boundaries between function, units, organizations</p>
Culture	Culture
<p>Celebrates stability, tradition, custom</p> <p>Organizational values: growth, efficiency, standardization, control</p>	<p>Celebrates uncertainty, paradox, fashion</p> <p>Organizational values: quality, customer service, innovation</p>
Physical Structure (space-time)	Physical Structure (space-time)

Concentration of people in industrial towns and cities	Deconcentration of people
Local, nationalistic orientation	Reduction in transportation time links distant spaces and encourages international, global orientation
Time is linear	Compression of temporal dimension (i.e. shortening product cycles leads to simultaneity)

Adapted from Hatch, M. J. Organizational theory: Modern, symbolic, and postmodern perspectives (p. 25). Table 2.1. Comparison of characteristics associated with industrialism and post-industrialism.

Leadership Challenges?

What are the new educational leadership challenges we face? There are two very important challenges that Extension must meet.

The foremost challenge is to provide educational programs that provide new frameworks for building relationships. These frameworks should address such subject matter areas as interpersonal relationships, working relationships, negotiations, and cooperation. Related areas include alliances, partnering, market structures, food chain structure, and food product distribution systems.

The second challenge is for Extension to continue to provide an example by demonstrating the required knowledge, skills, and attitudes within our own organization. We might call this a rededicated initiative to "practice what we preach and preach what we practice."

Leadership Strategies?

What are some effective leadership strategies we may consider in meeting these new adult education leadership challenges?

Some educational strategies that may prove useful in meeting these new challenges include the following.

- A "focus" strategy concentrating on one subject matter area such as interpersonal skill development necessary to build relationships or developing negotiation skills through learning partnerships.
- Storytelling as a strategy to introduce new ways of thinking and doing things in food chain working relationships.
- Team building to include special teams to handle relationship building and cooperation to meet strategic marketing opportunities and threats that arise.

Conclusion

As facilitators, we in Extension must recognize that adversarial (control-oriented) marketing approaches are increasingly giving way to more positive "win-win" (commitment-oriented) approaches seeking mutual gain in working relationships. Relationship building and associated knowledge, skill, and attitude development become vital keys to our clientele's success. This surfaced need calls for Extension leadership initiatives in teaching and learning programs concentrating on awareness, knowledge, and skill development in these areas. The general outcomes of such programs center on increasing traditional farm income and revenue stability, and securing new marketing opportunities.

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