

KIN ROUNDTABLE: **EXPLORING THE SOCIAL LICENSE TO OPERATE IN THE AG AND FOOD VALUE CHAIN**

SEPTEMBER 21, 2016

K I N

HOSTED BY:



Northwestern
Kellogg
School of Management

INTRODUCTION

KIN convened a group of 20 leaders from a variety of stakeholder groups as a follow up to the successful KIN Forum Innovation in Ag and Food (sponsored by Intel and John Deere) held in June 2016 prior to KIN Global 2016.

The goal of this session was, as one participant said, “to catalyze the KIN Catalyst,” determine a theme and identify potential supporters for a future KIN Catalyst.

<http://www.kinglobal.org/catalyst-overview.html>

This document should be read in conjunction with the KIN Forum report:

<http://www.kinglobal2016.org/agriculture.html>

After a very robust series of breakouts and discussions the following theme was landed as the one that would be most appropriate to tackle the tough issues surrounding the declining social license to operate. The following report provides a summary of the primary discussion points:

A New Innovation Agenda for Ag and Food

Trade-offs and transitions

Healthy food choices for everyone everywhere

Development (yields, new supply chains, addressing wastage)

Responsibility—social and environmental

The next step is to engage a visionary leader to support and fund the next phase of the KIN Catalyst. At this stage it is not altogether obvious as to who that maybe. Several of the participants agreed to engage leaders that they felt would embrace this approach as another option to truly engage with all stakeholders. KIN is happy to support individuals in these efforts.

Once again I would like to thank John Deere and Intel for supporting the KIN Forum, the subsequent KIN Roundtable and The Chicago Council for hosting this Roundtable.

If you would like further information please contact pbryant@kinglobal.org.

Top Industry Challenges and Areas of Focus (Full Group Discussion)

The Ag and Food industry is widely perceived to have a minimal, and declining, license to innovate. Most of what the Ag and Food industry has today was innovated decades to hundreds of years ago. Unlike other industries whose innovations are embraced, the Ag and Food industry faces a lot of push back for its innovation efforts. This lack of a social license to innovate in the Ag and Food value chain is amplified from the convergence of communication and data availability, values placed by consumers, and the eroding levels of trust between industry stakeholders, consumers and customers. Basic extractive industries such as mining, Ag and Food, and oil & gas all face similar challenges in earning the social license to innovate. So how should the Ag and Food industry respond, and what can it learn from similar multi-stakeholder approaches in biopharma, mining and oil & gas?

Lack Of Trust Due to Imbalanced Industry Communication and Public Understanding

The traditional response by the industry to such push back is by focusing on science and facts alone. However, this does not resonate with consumers and stakeholders. There is a lack of alignment with value systems that can only be addressed by building trust based upon real engagement and conversation with consumers and stakeholders.

Consumers today believe there are lots of good reasons to turn away from large corporations, scientists, and even Governments. The Ag and Food industry tends to launch into a fact based chemistry discussion when consumers really want a values based engagement. The industry needs to identify issues of most importance to consumers such as health and nutrition, safety, sustainability, livestock care, and affordability, and find ways to engage in an authentic and respectful dialog.

Corporations lead with messaging to consumers that provide technical insights, but that creates a perception that industry is self-serving. So where do the trusted facts come from? The industry needs to seek new ways to engage the consumers. It is not about advertising to improve consumer literacy.

Rise of Social Media Influencers

The rise of social media makes it easy for voices to be heard and amplified. Mommy bloggers have a large following and sphere of influence. One organization has engaged this influential group of consumers by creating a new level and depth of conversation. They are welcomed to tour farms and engage in dialog with farmers, and see the entire process, and ask any questions. Such dialog shifts the conversation in a positive manner as they can see the effort behind the scenes. Very often, the farmers perspective is lost, diluted by large corporations fighting for consumers and messaging that often distorts perspectives shared by farmers.

It is important to understand views of individuals and consumers to create a greater degree of trust. Consumers tend to distrust organization that peddles its own viewpoints but lacks relevance to them.

An example of engagement is digital ethnography, it is a tool that can allow companies to identify the vocal voices, their influence, and underlying value system.



Values & Transparency

The industry finds it hard to come to an alignment on a values based discussion. An important concern is the methods and process that the industry uses to put food on our table. Two additional large elephants are the backlash against GMO and industrial farming. Concerned consumers make trade-offs about such choices all the time.

Consumers want radical transparency, but corporations don't talk to the consumers directly about challenges. Instead, the industry provides idyllic scenes of agriculture and paints as the best stewards of land. Agriculture is a critical aspect of stewardship for our land, but there are many aspects of food production that we could improve. Consumers really want to know those aspects before they make product choices.

However, consumers also have difficulty absorbing information as it is not presented in a manner that can be understood easily. Corporations need to understand what consumers are sensitive to and then focus on those areas for engagement and dialog. Some corporations understand that doing the right thing also increases shareholder value, and that trend needs to continue.

Access to Data

The industry provides scientific data to address stakeholder concerns. However, data is required, but not sufficient. This point is often lost on corporations. The pharmaceutical industry addressed the anti-vaccine movement by providing consumers with access to data, but also through engagement. Companies have been more nuanced about how to use data in public dialog, as consumers will often not trust data provided by large corporations.

Companies must also gain permission from consumers to use data. The messenger also needs to be trusted, scientifically verified, and economically valid. The language of emotion is important and cannot be ignored in conversations involving data.

Theme Development (Breakout Groups)

Main points from the breakout sessions:

GROUP 1

A. Trust

- Building literacy in the science
- Who's taking the money out of the system
- How food is labeled
- Shift of R&D from public to private and convoluted by mega mergers driving concentration

B. Nutrition & Personalized Nutrition

C. Climate Change & Sustainability

D. Automation

- Meeting Demand
- Industrial scale vs localized/farm to table

E. License to Innovate



GROUP 2

A. Trust

- Embracing Innovation
- Enabling collaborative transitions
- Consolidation of industry = distrust
- Transparency
- Honest dialogue among value chain and consumers

B. Science

- GMO and lack of productive, multi-stakeholder discussion about it
- Climate shock impact on food security
- Environment and sustainable food production
- Energy and water

C. Food vs Fuel

- Building materials and industrial fibers
- Chemical feedstock (cellulose)
- Packaging

D. Issues of (in)efficiency in Developed and Developing Markets

- Industrial scale production vs population; mismatch in locations
- Elitism; Brunt shouldered by developing/non-OECD regions
- Local markets need customized solution
- Malnourished vs over nourished
- Subsistence farming and farming as a way of life vs industrial production.

E. Automation

- Future of Work in Ag and Food especially in countries where ag remains a big employer
- Tough Choices: Tradeoffs and transitions in Ag and Food—labor market, production process, logistics

A Cooperative Effort

The food and agricultural industry is incredibly complex and interdependent. As such, for change to happen, it requires buy-in and cooperation across the ecosystem. In such a fragmented system, one approach is to bring together the different stakeholders under the auspices of a trusted and neutral convener to engage in a conversation and process around the complex and sometimes intractable issues with a view to find common ground on which to work together to find solutions. The Kellogg Innovation Network offers just that with its award winning and proven Catalyst approach, to learn more visit:

kinglobal.org/catalyst-overview.html

ABOUT THE KELLOGG INNOVATION NETWORK (KIN)

Founded in 2003, the KIN is a global platform for collaboration between the Kellogg School of Management faculty, corporate innovation leaders, non-profit organizations and government. The KIN's mission is to facilitate strategy and management dialogue to promote innovation-led growth and build long-term prosperity for industries and society worldwide. Through events like KIN Global, KIN Dialogues, and KIN Catalysts, the KIN is building a network of thought leaders who have the collective ability to advance the global prosperity agenda. Prosperity for our families, companies and societies requires innovation more radical and more continuous than at any time in the past.

For more information:

Visit: kinglobal.org

Email Peter: pbryant@kinglobal.org

Special thanks to our sponsors:



JOHN DEERE



clareoSM

