

Agribusiness Leaders: Seeking Excellence in Times of Change

Agribusiness is in a positive moment of great transformations. Who will be the leaders capable of driving success and seizing new opportunities amidst so much change?

By Fabio Nunes, Bruno Carrasco, and Vinícius Francisco



The strengthening of agri-food business in recent years has ratified the sector's role of promoting significant development at company, customers, and societal levels. At same time, the more this industry evolves, the more complex its challenges become; this dynamic is triggered by both internal and external challenges, that significantly influence the sector's approach to talent management, particularly for top leadership.

But what is causing this dynamic? From companies' internal perspective, significant factors include the need for strong technological transformation (i.e., automation, acceleration), a remarkable increase in the ability to add value in different parts of the agribusiness chain, and the expansion of companies' scopes, with a consequent consolidation of the main players in the industry.

From an outside perspective, socio-political scenarios, capital fluctuations, and supply chain disruptions result in more complex solutions. In addition, a general evolution of the sector, such as technologies that optimize crop productivity, agroforestry integration systems, and Marketplace solutions, also play a transformative role in the industry.

Within this context, we examine three key areas for agribusiness companies to advance successfully as well as the leadership functions that will be fundamental in the pursuit of excellence in times of change: (1) technology, (2) operations and infrastructure, and (3) the development of financial and institutional solutions.

Three Key Areas for the Future of Agribusiness

Technology

In this highly competitive market, leveraging the latest technological tools can dramatically enhance production and land efficiency, from high-growth companies to large corporations.

There are three major areas where technology is impacting agribusiness:

- a. Biotechnology focused on the integrated use of natural resources;
- b. Digital and connectivity, integrating and facilitating operations;
- c. Sustainability, connecting resources and business in a long-term perspective.

If we consider the leadership profiles that will lead this transformation cross-companies or sectors, we see:

Head of Biotechnology

- Executives that have been helping companies **to innovate and deliver solutions, especially at the beginning of the value chain**, for example, the transformation of sugar cane that led to Ethanol of 2nd Generation, which is an alternative to decarbonization in Brazil; or the development of biotechnological fertilizers, optimizing the use of NPK in corn and soy farms, increasing the average yield of production.
- These executives are skilled to **lead technical teams** (i.e., scientists, technicians, and researchers) that are pushing companies and countries with a long tradition of exporting commodities (vegetal or animal) to build a **more diverse, value-added and sustainable portfolio**.

Head of Digital, CDO (Chief Data Officer) or CTO (Chief Technology Officer)

- Leaders that will be essential to **enhance agribusinesses' geographical borders, increase productivity and rethink performance indicators**. For instance, seeders and harvesters' machines that are manned digitally, improving routes and availability, facilitating operators' work and optimizing fuel consumption.
- Executives that can lead and engage with a **generation of professionals that are already appornting sophisticated solutions to the industry** (e.g., geoprocessing, data mining, machine communication & automation).

Head of Sustainability or CSO (Chief Sustainability Officer)

- Working across all different agribusiness companies, these executives will play a key role in **connecting companies' values and business results, and translating them to society**, such as regulation agencies, investors, customers, third sector specialists, among others.
- Given the volatile climate-change conditions and inherent connection between the agri-food sector and the use of natural resources, these leaders will be **fundamental to guide companies on improving business resilience and rethinking long-term continuity**.

Operations and Infrastructure

The second key area for agribusiness emerges from companies' challenge to constantly optimize operations and infrastructure and its assets, processes, methodologies. For example, an animal nutrition manufacturer struggling to adapt its supply chain (assets, procurement, logistics and operation), while adjusting its plant and production to the constant changes in animal breeding sites for cattle, farm, goat and/or unforeseen stoppages of many small and medium-sized producers.

How can leaders solve this type of challenge when the setting is constantly changing? Given how dynamic the operating environment is, companies will need executives who can steer operations through volatile, complex, and uncertain scenarios.

In this context, two functions are of enormous importance – the COO (Chief Operating Officer) and the CSCO (Chief Supply Chain Officer). These executives will play a key role in:

- Repositioning companies' **supply chains**, enabling operations to be agile, cost effective and resilient **amid highly fluctuating conditions**, with critical challenges around logistics, infrastructure, and footprint.
- Partnering with HR leaders at the **development and engagement of dynamic teams**, occasionally large contingents, **capacitating them with a more strategic mindset and solid EQ** to keep up with supply/demand mismatches.

Development of Financial and Institutional Solutions

In Brazil, for example, there already exists demand for executives with an institutional, solutions-driven mindset oriented towards finding solutions in the sugar cane – ethanol chain; despite ethanol being a viable technical alternative to decarbonization (along with electric vehicles), an institutional financial solution aligning government, farmers, producers, and distributors would allow this solution to be used on a larger scale.

As other segments (such as fertilizers, grains and other crops) and their supply chains shift their business models to more complex and/or regulated models, influenced by international markets, competition, and commercial challenges, this will be a demand of the entire industry.

Here, the **CFO (Chief Financial Officer), CRO (Chief Risk Officer) and Investor Relations Officer or Director of Institutional Relations** will play a critical role, as their influence perimeter goes beyond financial areas, sensitively impacting business strategy. Executives with experience in **finance, trading, relationship with financial institutions, operations, and treasury** will be fundamental, for example, to **create institutional mechanisms to facilitate long-term credit**.

These executives operate in two distinct but complementary areas:

- The first is related to the growing influence of financial and regulatory bodies. This requires executives with deep knowledge of the entire ecosystem to develop solutions for producers and other chain agents such as crop financing, working capital, bartering, risk management, derivative operation services, among others.

- The other area is related to institutional relations, engaging and liaising with governments, autarchies, and associations in regulatory solutions and long-term policy discussions.

This is perhaps the area in which the industry is lagging the most, and yet the most sensitive due to the integrated nature of the economy and the strong interdependence within the sector, from small family businesses and regional cooperatives to large corporations in the sector. It's paramount to recognize that successful outcomes are interrelated throughout the entire chain.

Revisiting Talent Management Strategy

Against a backdrop of transformations in technology and operations and infrastructure challenges, and the need for financial and institutional solutions, having the right talent is essential. But this task can quickly go from an exciting challenge to frustration if leaders do not reassess what they understand as “the *right* people”.

To ensure an assertive and progressive talent strategy to fill any leadership position, it is important to both avoid some pitfalls and seize new opportunities:

- **Top talent won't necessarily come from within the industry.** Other sectors went through very similar challenges to those the agribusiness industry is facing. Thus, it's key to look for transferrable experiences. A recent survey carried out by Egon Zehnder shows that, on average, 37 percent of the C-Suite executives hired by Agri-food companies in Brazil for the last five years come from outside of the sector – a representative share for a sector that is typically more conservative in the profile of their leaders.
- **The more diverse the talent pool is, the larger the combinations of solutions a company has at hand to overcome challenges.** Companies must be able to leverage every type of diversity (e.g., thought, perspective, age, race, gender) to the business, ensuring this plurality permeates into its leadership. Our recently launched [Global Board Diversity Tracker](#) illustrates that companies are incorporating this idea: Despite the overall number of new director appointments remaining constant in the last eight years, the share of women appointed for these positions in the period rose from 22% to 38% globally; from 24% to 40% in the U.S. and Canada; from 20% to 42% in Western Europe; from 2% to 30% in Latin America and Mexico; and from 2% to 28% in Brazil.
- **Appreciation and understanding of the company culture are important levers of transformation and growth.** In a sector where regional elements have been so critical to build and grow organizations, is important to balance leaders who can challenge ideas and embrace new opportunities with executives that embody and cultivate the values upon which the company was built in a long-term. Our research

indicates that, while a C-suite executive is in a position for four years, on average, Agribusiness C-Suite executives have been in their companies for about 11 years.

- **Internal talent must be recognized by their trajectory but developed for the future of the industry.** High performance, leadership ability, and cultural fit are very important, but future leaders must have the potential to develop and absorb new ways of thinking - bringing new perspectives that support business development amidst the industry's future challenges.

Reformulating a talent strategy is an effort that permeates several organizational layers; a complex challenge that requires human responses. At Egon Zehnder, we conduct a holistic analysis of candidates, examining not only their professional history but also their future potential. Our focus is to understand to what extent an individual can deal with uncertainty, their level of comfort in dealing with and leading changes, their openness and curiosity to learn, and their desire to expand their capacity and take on increasing responsibilities. These are important layers of analysis for making more assertive hiring decisions.

In summary, a new look at the talent strategy will be essential as the agri-food industry transforms in real-time, demanding more and more from its leaders.

For more information, contact:



Fabio Nunes
São Paulo
fabio.nunes@egonzehnder.com



Bruno Carrasco
São Paulo
bruno.carrasco@egonzehnder.com

About Egon Zehnder

Egon Zehnder is the world's preeminent leadership advisory firm, inspiring leaders to navigate complex questions with human answers. We help organizations get to the heart of their leadership challenges and offer honest feedback and insights to help leaders realize their true being and purpose.

We are built on a foundation that supports partnership in the truest sense of the word and aligns our interests with the interests of our clients. Our 560+ consultants across 63 offices and 36 countries are former industry and functional leaders who collaborate seamlessly across geographies, industries and functions to deliver the full power of the Firm to every client, every time.

We partner closely with public and private corporations, family-owned enterprises, and non-profit and government agencies to provide a comprehensive range of integrated services, including executive search, leadership solutions, CEO search and succession, board advisory and diversity, equity & inclusion. Our leadership solutions cover individual, team and organizational effectiveness, development and cultural transformation. We work with world-class partners including Mobius Executive Leadership, a transformational leadership development firm. In addition, we have partnered with Paradox Strategies, co-founded by Harvard University Professor Linda Hill, to develop the Innovation Quotient (IQ), a proprietary culture diagnostic.

We believe that together we can transform people, organizations and the world through leadership.

For more information visit www.egonzehnder.com and follow us on [LinkedIn](#), [Twitter](#), and [Instagram](#).