

EXCELLENCE MODEL, A TOOL FOR SUSTAINABLE LIVELIHOODS, DEVELOPMENT AND ENTREPRENEURSHIP

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EXCELLENCE MODEL A TOOL FOR: SUSTAINABLE LIVELIHOODS, DEVELOPMENT AND ENTREPRENEURSHIP

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ABSTRACT

It has become increasingly important for Africa to play a major role to combat world food shortage as the world population continues to increase; this goes also for the ability of the continent to provide alternative energy sources. The challenge will be how food security and energy requirements will be harnessed in a sustainable and economic way. The Creating sustainable farming business is the key to attain sustainable development in Africa and around the world. To promote sustainable farming businesses and entrepreneurs with the potential to combat food shortages, are encouraged, hence the introduction of the Excellence Model. The Excellence Model provides potential benefits for businesses to enhance business skills, service delivery and performance excellence. The Excellence Model identifies business strengths and areas for improvement based upon well-established internationally accepted theoretical frameworks and recognised criteria for performance excellence.

1. INTRODUCTION

Land reform should lead to the emergence of viable farms. However, some of the beneficiaries of land reform have suffered defaults, being inadequately prepared for commercial farming in a high risk environment, or unable to raise sufficient capital for commercial production. Adjustment assistance should therefore be seen as an inherent component of land reform. Proper selection and follow-up of beneficiaries is crucial for land reform to develop sustainable commercial farming. Training and extension is essential, not only in farm technologies, but also in

production, marketing and financial management. A large potential also rests with the mentoring by commercial farmers of new entrants – a practice which has emerged in recent years. Appropriate support services need to be developed to include financial services, market information, input supply networks, transportation and storage infrastructure and extension (Lahiff, 2008).

While recognising the role of agricultural development in addressing poverty and inequalities, it is clear that the potential of agriculture and agricultural (land) reform itself to reduce poverty, is limited. The long-term solution to poverty reduction requires involving a greater part of the rural poor in economic activities that will generate sufficient income. The main potential to reduce rural poverty and inequity lies in the development of overall frameworks providing social security, education and training as well as health care, and in developing adequate infrastructures in rural areas. The commercial agricultural sector adjusted well to policy reforms and liberalisation efforts. However, economic and financial pressure on commercial agriculture is substantial, and as with other sectors, farmers must adapt their production and investment decisions to the market situation and overall economic development. The ability of the commercial sector to respond to increased market opportunities will ultimately determine any gains from global trade liberalisation. Farming policies need to be conducive to quality and productivity improvements for this sector to further improve its international competitiveness and exploit its export potential (Kepe & Cousin, 2002; Radela, 2005).

In the light of the information, developing farmers find themselves in a situation where the distinction or a balance has to be established between creating of sustainable, livelihoods and business development. Given the limited resources and skills base it is up to the individual entrepreneurs/farmers to position their farming businesses to be able to compete. Therefore, the adoption and application of Small, Medium and Micro Enterprises (SMMEs) and the Excellence Model

(EM) in the South African developing agricultural sector, exist for this reason. The objective of the National Department of Agricultural (DoA) is to change the mindset of emerging farmers to take agriculture as a business and not a subsistence operation. The SMME EM, which is a management self-assessment tool that assists farmers to identify their strengths and areas for improvement, is of key importance in establishing the balance between entrepreneurship and development.

2. OBJECTIVES / PURPOSE

- To ascertain the value the Excellence Model may bring in changing the mindset of emerging farmers to see agriculture as a business rather than a survivalist operation.

3. PROBLEM INVESTIGATED

The increase demand for food by roughly three percent per annum will create greater demands and pressure on natural resources .Land is a scarce production factor and can therefore not be unnecessarily degraded. Sustainable use of land resources in South Africa is therefore of prime importance Van Zyl, 2008). The current status of the global economy is presenting businesses with increased challenges and competitiveness. Thus, emerging or developing farmers in South Africa will have to find a way to compete in an ever changing global business environment in order to create sustainable development and farming businesses.

4. METHODOLOGY

Participatory Rural Appraisal (PRA), using the SMME EM, was used to investigate the level of paradigm shift amongst emerging farmers in seeing their farms as businesses to achieve the objective of production of food, fibre and energy for the future. Assessments were done by facilitators trained by the Free State Centre of Excellence in the Free State Province. The main advantage that this approach provides is that farmers are completely involved in the planning process.

They design the systems and how it should work for them; hence the EM model is known as a self-assessment tool.

A set of accredited notes has been developed to assist facilitators in implementing this model. These notes have been divided in different parts, which were used to collect information from the chosen projects:

Part 1: Questionnaire used to collect information on the eleven criteria.

Part 2: Recording the results obtained from each criteria, prioritise the different criteria (Figure 1), based on the results, list the areas of improvement identified in Part 1, and formulate actions.

Part 3: Questionnaire guide used to guide the facilitator when asking the beneficiaries questions: The guide helps by giving examples of proofs which can be given to support the answers.

In Part 1 members were asked questions on all eleven criteria (Figure 1) and each had to make their own rating by marking it either 0/1/2/3 (where 0 = poor and 3 = good). After the information were collected, calculations were done according to the model, and the results were transferred to Part 2, where the criteria were prioritised according to the results. The areas for improvement were also listed and prioritised, then action plans were formulated, and the information was used in the compilation of the reports (Eygelaar, 2005).

5. SMME EXCELLENCE MODEL THEORETICAL FRAMEWORK

It is internationally established that the EM provides potential benefits for organisations to enhance service delivery and performance excellence. The EM identifies organisational strengths and areas for improvement, based upon well established internationally accepted theoretical frameworks and recognised criteria (strategic determinants) for performance excellence. They provide an organisation-

wide assessment and create a conceptual framework for the way organisations can strategically position themselves. Excellence models involve employees at all levels in performance excellence improvement. They allow organisations to measure improvements and progress over time through regular self-assessment processes. Excellence models facilitate comparisons with other similar organisations and identify critical areas for improvement. One of the most important potential benefits of applying excellence models is that it improves the development of an organisational business plan and strategy which are of outmost importance for developing farmers (Eygelaar, 2005).

6. EXCELLENCE MODEL CRITERION

The EM model is represented by 11 criteria to facilitate assessment of businesses as depicted in Figure 1 (Eygelaar, 2005); Department of Agriculture: Manager's knowledge guide, 2007). The 11 criteria are divided into two groups: the enablers and results. **Enablers indicate that, to achieve good results, enablers have to be managed optimally.** The first five criteria, namely leadership, strategy and planning, customer and market focus, people management and resource, information management and customer satisfaction, are therefore known as enablers. The sixth criterion is known as **processes**, where programmes of activity of the enterprise are outlined. On the **results** the following criteria are attended to: impact on society: customer satisfaction, People satisfaction, supplier and partnership performance, and results.

Leadership relates to the behaviour of all managers in respect of how the executive team and all other managers inspire, drive and reflect a culture of performance excellence as the organisation's fundamental process for continuous improvement.

Strategy and planning reviews the organisation's mission, vision and strategic direction.

Customer and market focus examines what the organisation is achieving in relation to the satisfaction of its external customers.

People management studies the management of the organisation's workforce and how the organisation releases the full potential of its people to improve its business and/or service continuously.

Resources and information management refers to the management, utilisation and preservation of resources and how the organisation's resources are effectively deployed in support of policy and strategy.

Processes analyse the management of all value-adding activities within the organisation, and address how processes are identified, reviewed and revised to ensure continuous improvement of the organisation's business and/or service.

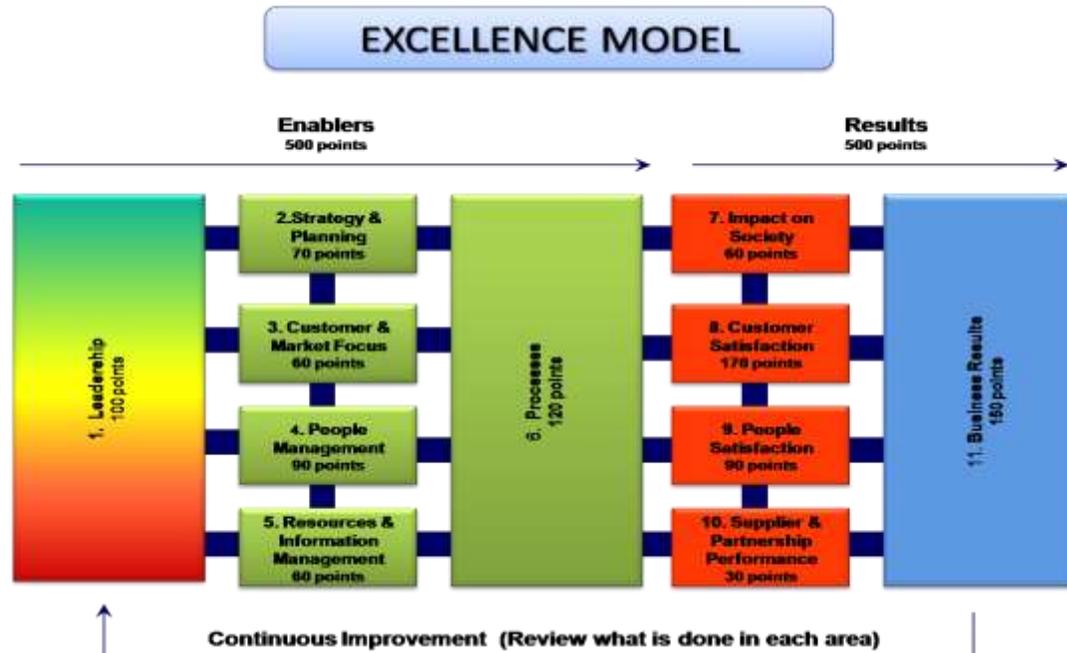
Impact on society probes what the organisation is achieving in satisfying the needs and expectations of the community at large.

Customer satisfaction examines what the organisation is achieving in relation to the satisfaction of its external customers in relation to what has been done on customer and market focus on enablers.

People satisfaction investigates what the organisation is achieving in relation to the satisfaction of its people in relation to people management on enablers.

Supplier and partnership performance is looked as one of the criteria on results.

Organisation ***results*** review what the organisation is achieving in relation to its planned business and/or service objectives and in satisfying the needs and expectations of everyone with an interest in the organisation.



Source :Department of Agriculture: Managers knowledge guide manual (2007)

Figure 1: Excellence Model

7. CASE STUDY: FREE STATE CENTRE OF EXCELLENCE

The Centre of Excellence is responsible for coordinating facilitator training on the EM. On completion of the training facilitators are required to go to their respective districts and identify a project from which assessment of the project, using the EM, are undertaken. One of the projects that were assessed in the Free State Centre of Excellence will be used as an example to evaluate the impact of the Excellence Model.

7.1 EMS Farm

EMS Farm is owned by Mr and Mrs Mokhethi. It is situated at Sannaspos in Motheo District of the Mangaung Local Municipality, Bloemfontein.. It is a legal entity, sole proprietor.

The farm is in close proximity to several surrounding farms, mainly crop and livestock producing farms. Water for farming as well as domestic purposes is supplied mainly by one equipped borehole (mono pumps and submersibles) and water is collected in a reservoir from where it is distributed to various camps and pastures by way of an electric pump.

The farm lies at an altitude of around 1 750 m. This is a beautiful, undulating landscape with mild slopes and is used mainly for grazing purposes, with only a portion of 200 ha arable land. The natural grazing comprises mainly of mixed sweet/sour grass cultivars. The natural grazing on the farm is about 90% edible and palatable for approximately 270 days of the year. According to the Department of Agriculture the carrying capacity of this farm is rated at 6,5 ha/LSU (Large Stock Unit).

It is, however, important that provision has to be made for fodder (for example, maize, eragrostis, etc.) during the winter months when the natural grazing is not palatable and has very little nutritional value. The grass coverage on the property is regarded as good, with very little soil erosion detected. The farm is well planned and very practical in layout and all four camps have access to water. This is regarded to be one of the better stock-farming areas in the Motheo District. The soil is generally of a well drained sandy loam type and depth of 0.6-1.0 meters, an effective 200 ha is used for crop production and 458 ha natural grazing veld.

Land use: Dry lands: 200 ha used for crop production and 458 ha natural grazing veld used for keeping approximately 100 cattle and approximately 200 sheep.

7.1.1 Farming business analysis

From the above information it may be concluded that the farm has a lot of potential, looking at the resources, livestock and other infrastructure. When carrying out the assessment it came out very strongly that Mr Mokhethi is a good leader, but lacked some management skills. Thus, the success of the farm lies heavily on the farmer being able to manage the farming business holistically. The outcome of the results of the assessment carried out at EMS is given in Table 1 below:

TABLE 1: SMME EXCELLENCE MODEL SCORE FOR EMS FARM

ENABLERS	Maximum score	EMS score	GAP	Priority list
1. Leadership	100	87	13	6
2. Strategy & planning	70	15	55	2
3. Customer & market focus	60	14	46	3
4. People management	90	66	24	4
5. Resource & information management	60	37	23	5
6. Processes management	120	40	80	1
TOTAL	500	259	241	
RESULTS				
7. Impact on society	60	20	40	4
8. Customer satisfaction	170	0	170	1
9. People satisfaction	90	15	75	3
10. Supplier & partnership performance	30	5	25	5
11. Results	150	0	150	2
TOTAL	500	40	460	
GRAND TOTAL – Enablers & Results	1 000	299	701	

Table 1 above indicates the scores (outcomes) from the assessment that was carried out using the EM at EMS Farm. What the score indicates or confirms is that Mr Mokhethi is a good leader but a poor manager, hence criterion number 6 (processes) is priority number 1. This is a characteristic of all businesses and managers that are still establishing themselves. The process flow of activities of the core business is not clearly understood due to some reason or another. Mostly this may be caused by lack of funds to commit to required standards for a particular enterprise: For example, having a management programme for sheep that a farmer would have to follow in order to attain the desired results, the programme may include processes on feeding, breeding, health management and marketing. To attain the desired results with a particular programme, one would have to commit time and funds, especially for the feeding and health programme. This aspect is neglected by most emerging farmers

7.1.2 Changes that the EM has brought at EMS Farm

A practical user-friendly management programme for each enterprise was established at EMS Farm. Financial record-keeping with assistance from a local business development agency was done for EMS with a strong emphasis on skills transfer. EMS Farm currently has established a number of enterprises to participate in its value chain due to interaction and commutation by EM. Formal contracts have been established between EMS and role players within the value chain. This gives the farm a very competitive advantage. An example of an action plan activity on EMS Farm is presented in Table 2.

TABLE 2: EXAMPLE OF ACTION PLAN ACTIVITIES AT EMS FARM

Priority Criteria	Activity (Question numbers and details)	Result/ outputs wanted from this	Methods/ ideas to achieve the result	Who is responsible for doing it	Date for start/ finish of activity	Date for review of status
Process Management	Production processes affect results	Breeding and production programmes & marketing strategy plans in place	Liaise with DoA, UFS – assistance, drafting & implementing of programmes	Owner Manager	As soon as possible Immediately	End Feb 2009

8. CONCLUSION

It is clear from the information presented in Table 2 that the manager of a farming business gets good assistance and guidance to rectify shortfalls in business skills to promote sustainable agricultural growth.

The implementation of the EM in the emerging agricultural sector can contribute substantially to the successful establishment and development of emerging farmers in South Africa. The lack in business skills, which are attended to with the EM, is perhaps one of the most important factors that prevent successful establishment and development of farmers in South Africa.

Therefore the sustainable production of food fiber and energy lies with the ability of individual entrepreneurs to identify, harness and further develop competitive advantages. Through supporting individual entrepreneurs, African countries can lead to creation of employment, generation of a sustainable income base and food security.

From the information provided it is clear that sustainable production of food, fiber and energy lies with the ability of individual entrepreneurs to identify, harness and further develop their competitive advantage. Through supporting individual entrepreneurs African countries can lead to the creation of employment generation of a sustainable income base and food security.

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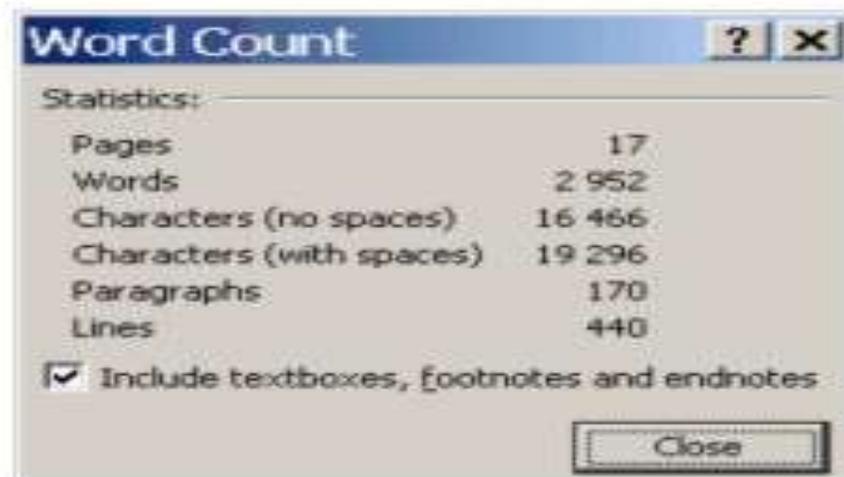
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Non peer-reviewed case study

I declare that the article that I hereby submit in for the International Farm Management Conference IFMA 17, is my own work and has not been previously submitted anywhere.



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