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**Agri-food Leadership
Case Study:
John Brakenridge and the
New Zealand Merino Company**

Jordan Mayes
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Research Report No. 356
June 2020





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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 first of six case studies and is focused on The New Zealand Merino Company and its Chief Executive John Brakenridge. The success of the New Zealand Merino Company is the product of a complex network of committed growers, innovative brand partners, a skilled and supportive Board and a great team. Within this complex network, however, Chief Executive John Brakenridge emerges as a central driver of the company's achievements. This case study looks at Brakenridge's leadership through the lens of the leadership models described in an earlier literature review. The essence of his leadership, however, can be seen in his ability to foster and persuasively articulate a transformative vision for New Zealand Merino and for New Zealand agriculture.

Keywords

Value Chains; Leadership; Innovation; Coordination; Merino.

ANZSRC Fields of Research

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Executive Summary

Background

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 part of the programme is focused on value-adding leadership in the agri-food sector. It draws on past research on New Zealand agri-food leadership and presents case studies of New Zealand organisations (and their leaders) who have been successful in adding value to New Zealand agricultural products. The case studies are focused on organisations who have created value, not only by differentiating around **physical attributes** such as strength, texture, appearance and flavour, but also by emphasising **credence attributes** such as environmental stewardship, social consciousness and ethical practices and **cultural attributes** such as a connection with the land and a long and passionate family history in the industry.

This is the first of six case studies and is focused on The New Zealand Merino Company and its Chief Executive John Brakenridge. The New Zealand Merino Company (hereafter NZM) was started in 1995 by Merino growers who faced rising production costs and unstable and unsustainable prices for their fine wool. The way forward was found in challenging key assumptions that had dominated the New Zealand wool industry for decades and developing differentiation and marketing strategies that would lift New Zealand Merino out of its commodity status. At the core of NZM's strategy was the identification of brands operating in particular market segments and aligning them with specific attributes of New Zealand Merino that could enhance their value to their end-use customers. This strategy involved a radical shift away from traditional wool export approaches that placed little reliance on marketing and were based around contracts and fixed commodity pricing. It was a shift that was initially met with significant resistance from the industry's major players, in particular, the New Zealand Wool Board.

Vision, Strategy and Differentiation

NZM is unusual in that it is a genuinely purpose-led organisation. Central to that purpose is the transformation of Merino wool from a commodity into a high-value product that supports grower returns and financial sustainability, enhances partner brands and contributes to a better world. This purpose is reflected in values that are a powerful example of the physical, credence and cultural attributes that the Unlocking Export Prosperity Research Programme is exploring. These values include working with nature to produce products of world-leading quality, environmental stewardship, sustainable practice, ethical sourcing, connection, relationships and community and an honouring of the history and spirit of both Merino wool and the farms, families and land that produce it.

NZM pursues its purpose with a core strategy built around differentiating New Zealand Merino wool from that offered by other Merino producers. As observed in the Stanford Graduate School of Business case study (p.7), the heart of this strategy was "to identify leading brands in targeted market segments and then match the needs of these companies to the attributes of its wool". At the time of writing, NZM has an impressive group of brand partners including Allbirds, Arc'teryx, Hugo Boss, Icebreaker, Loro Piana, Manteco, Sudwolle, Swandri and Wee Woollies among many others. The key here is what John describes as the "phenomenal opportunity" that flows from getting "the wiring right, between the growers and the end market".

The value that NZM offers in this “wiring” and connection goes well beyond the quality and physical attributes of the wool. NZM supports their brand partners in selling at a premium price to socially conscious consumers who not only value the physical attributes of their products but also place a high value on the credence and cultural attributes that are embodied in NZM’s values. As mentioned above, these include environmental stewardship, sustainable and ethical practice and an honouring of the history, land and grower families and communities that sit behind the wool. When the wiring is right, socially conscious consumers are not only buying the highest quality products, but are experiencing a connection with the land, families and communities that produce the wool and with a value-set that enables them to feel like they are contributing to a more natural, sustainable and better world. This is a powerful value proposition that not only enhances the value of Merino wool but which can also be used to add value to adjacency products developed from other natural fibres.

John Brakenridge and Visionary Leadership

NZM’s success is the product of a complex network of committed growers, innovative brand partners, a skilled and supportive Board and a great team. Within this complex network, however, Chief Executive John Brakenridge emerges as a central driver of NZM’s achievements.

This case study looks at John’s leadership through the lens of the leadership models described in an earlier literature review (Mayes, Wall and Cammock, 2019). The essence of his leadership, however, can be seen in his ability to foster and persuasively articulate a transformative vision for NZM and for New Zealand agriculture. John describes a “ballistic” international market that is presenting “a phenomenal [window of] opportunity for New Zealand” agriculture.

“I’m talking climate change, pollution, animal welfare, all of these aspects that are important to a conscious consumer. And broader than that... but there’s never been as good of an opportunity as there is now for New Zealand products. For New Zealand superfoods and New Zealand superfibre.”

John communicates a sense of urgency around this window of opportunity and argues that “we need to be working at the transformation of our primary sector very, very quickly. This is coming at us like a freight train.” In placing his organisation at the centre of this transformation, and in proactively seeking to support the transformation of the broader agricultural sector, John exemplifies exactly the leadership that this research is seeking to understand and promote, and provides an excellent first case for this research programme.

Chapter 1

Introduction

This project is part of a wider study of value-adding strategies in New Zealand agricultural value chains. The focus of the study is on ways in which New Zealand agri-food organisations can add value and garner 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”. This part of the study pays particular attention to leadership approaches that underpin value-adding strategies (based on physical, credence and cultural attributes) in New Zealand agri-food organisations.

The literature review conducted as part of this research project (Mayes, Wall and Cammock, 2019) details the need for leadership in a market defined by increased scope and complexity in customers’ values, standards and preferences. The literature review determined that three processes were important for value-adding in agri-foods enterprises: Innovation, coordination, and marketing strategies.

Innovation and coordination are processes which work in tandem to add value and differentiate products and processes from similar products and processes, lift products beyond their commodity status and meet the evolving needs of modern consumers. Marketing strategies aim to increase value salience by communicating value to consumers through processes such as branding, market/brand-orientation, and entrepreneurial marketing. These are all purposeful processes designed to endow agri-food outputs with additional value as perceived by target consumers in global markets.

The focus of this study was to identify aspects of leadership that support value-adding processes. Leadership in this sense is considered to be a critical antecedent of value-adding processes which require consideration in New Zealand agri-food exporting enterprises. Leadership plays important roles in enhancing innovation (Hammond *et al*, 2011) and coordination (Akhtar and Khan, 2015), and supporting marketing success (Kasper, 2002). Beyond directly affecting value-adding processes, leadership also influences organisational culture and learning, which in turn impacts how employees work and negotiate shared ways of operating (Kasper, 2002; Norrgren and Scahller, 1999).

The literature review highlighted the abundance of research across many facets of leadership. Leadership is a function of the led, the leader, and the contexts and cultures within which they operate (Avolio, 2007; Avolio, Walumbwa and Weber, 2009). Research in leadership is highly complex with relationships with other variables that are not necessarily unidirectional, multiple mediator and moderator relationships, and culture and climate dependencies. This results in a plethora of research, findings and hypothesised relationships which could potentially apply to the agri-food value chain.

Several leadership styles and attributes, as well as more complex relationships and interactions between variables, have been outlined in the literature review. These were discussed in terms of their direct and indirect relationships with the value-adding processes of innovation, coordination, and marketing. With these processes as a background, case studies were conducted to explore the role and characteristics of value-adding leadership in New Zealand primary sector export enterprises. The case study methodology was designed to allow comparison with the findings from the literature review



and triangulated with information on the interviewee's past activities and successes and insights around the unique experience of these leaders and the personal drivers of their success.

This is the first case study and is focused on The New Zealand Merino Company (NZM) and its Chief Executive, John Brakenridge. In addition to his role as Chief Executive, John is a Co-Founder and Steering Committee member at Te Hono. His experience and success in the primary sector make him an ideal candidate to explore the impact of leadership in a successful New Zealand agricultural export enterprise.

This case study discusses the approach taken by NZM in responding to a complex and rapidly changing global market. It pays particular attention to John's leadership philosophy and approach and locates his leadership in the value-adding processes of innovation, coordination, and marketing identified in the literature review. Where appropriate, quotes from interviews with John Brakenridge and Te Hono Chair Greg Muir are used to illustrate key points in this paper.

Chapter 2

The New Zealand Merino Company

2.1 A Brief History of the New Zealand Merino Company

In the mid-1990s, the New Zealand wool industry was in decline and there was an obvious need to move Merino wool out of the commodity market if it was to remain viable. With this need in mind, Merino New Zealand was founded in 1995 with the aspiration “to lift the New Zealand Merino fibre out of the ‘commodity basket’, to identify and differentiate New Zealand Merino from its competitors, and to internationally target the highest end of the international fashion market” (Mitchell, Smith, and Dana, 2009, p. 114).

The approach taken by NZM represented a radical departure from the commodity orientation of the major players in the industry, particularly the New Zealand Wool Board which had been marketing New Zealand wool since its establishment in 1944. Unsurprisingly, NZM encountered significant resistance. John Brakenridge recalled that:

“The Wool Board was very defensive. They were very reluctant to allow Merino growers to do something on the edge. They made it as hard as possible... The traders hated the concept of us coming in. As a trader you’re buying Merino as low as you could and sell it as high as you could. If we were differentiating it and making people aware of it, then what would that do to margins?” John also recalled resistance around what it meant to make products which were 100% New Zealand Merino. “People [said] you can’t use it in 100% form as garments will fall to pieces. There were threats of boycotts.”

Despite these early challenges, NZM flourished. In 2001 it became a fully commercial organisation and was renamed The New Zealand Merino Company Limited, and by 2005, “transact[ed] approximately 85 percent of all Merino wool grown in New Zealand with turnover of more than US\$85million” (Denend and Shiv, 2011, p. 8).

At the time of writing NZM continues its role as an “integrated sales, marketing, and innovation company focused on transforming the country’s Merino sheep industry” from producers of commodities to premium global brands (Denend and Shiv, 2011, p. 6). As stated on their website, NZM has a simple mandate: “to enhance our partners’ brands and create loyal advocates”. In pursuing this mandate NZM operates across the value chain by stimulating consumer demand for Merino brands, lifting the standards of sheep products and giving depth to their partner business’ brands.

The 2013 Annual Report for NZM stated that “a fundamental premise at the New Zealand Merino Company Limited is that our success is dependent on that of our stakeholders. Our aim is to continue to create wealth for our shareholders and community by connecting the best of New Zealand with the world’s leading brands.” It is also working with other stakeholders in the primary sector through Te Hono, which is described as a “coalition of the willing” that allows for “joined-up thinking” (Brakenridge, 2016, p. 28).

2.2 Disruption and Market Opportunities

New Zealand's primary sector competes on a global stage and faces a range of challenges at a time when modern consumer demands, values and standards are increasing in scope and complexity (Cucagna, 2014). These challenges impact NZM directly. The 2014 Annual NZM Report describes the need to overcome "reputational attacks" along with challenges that include "global prices falling; industry profitability, particularly for fine and superfine growers; loss of scale through land tenure and alternative land use; changing consumers' needs and channels to market; and huge increases in fine and superfine fibre production in Australia".

Later reports discuss the need to meet wool sourcing standards (2016, 2017, 2018 Annual Reports), address the issue of microplastics (2016 and 2017 Annual Reports) and to be prepared for disruptions in the industry that could be caused by "political barriers, [and] loss of social license" (2017 Annual Report). Other threats that affect related products are the rise of synthetic foods (2017 Annual Report), the decrease in prices of strong wool (2018 Annual Report) and the rise of harvesting costs (2018 Annual Report).

Market disruptions such as those outlined above, present a daunting challenge for leaders (Leavy, 2017) and New Zealand agricultural export organisations. At the same time, they provide tremendous opportunities for organisations to differentiate their products and get ahead of their offshore competitors (Cucagna, 2014; Humphrey and Memedovic, 2006).

Te Hono Chair Greg Muir recognises that taking advantage of disruption is a major opportunity for New Zealand companies. "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." Some of the identified opportunities for the fine wool industry include the limited but positive reputation of New Zealand as a country (Denend and Shiv, 2011), the ability of NZM to innovate and add more value to fine wool (2014, 2015, 2016, and 2018 Annual Reports), the readiness of NZM to face the pressure from the natural fibre movement (2016, 2017, and 2018 Annual Reports) and the growth in new categories (2017 Annual Report).

In traditional value chains, New Zealand products are sold to offshore distributors who then add value to commodities and capture the bulk of the margin. As Greg Muir notes,

"Historically, New Zealand companies have sold through distribution partners offshore and often there are multilayers and pieces of margin captured along the way. There are plenty of pieces of work done by McKinsey, KPMG, Deloitte, etc, which show where value chain capture occurs. In comparison to other industries, a really tiny part of the value in the total value chain stays behind the farm gate and far too much gets captured in other places."

There is an obvious opportunity for New Zealand agricultural exporters to capture a greater portion of the value of their products. This is ultimately a leadership responsibility.

Chapter 3

The Importance of Leadership

3.1 Leading in Complexity

Disruptive change is not limited to the agricultural sector. It is a central factor in virtually every global marketplace and has become so pervasive that it has given rise to a whole new discipline known as complexity leadership theory. Complexity leadership theory “suggests a different paradigm” in responding to disruptive change “one that frames leadership as a complex interactive dynamic from which adaptive outcomes (e.g., learning, innovation, and adaptability) emerge” (Uhl-Bien, Marion and McKelvey, 2007, p. 298). Adaptability, learning, and safe to fail experimentation are key themes of leading in complexity.

These themes are echoed in Greg Muir’s reflections on New Zealand leadership.

“Be daring, reach higher than you think is reasonable. When you look at organisations in New Zealand who have done that, they are largely the ones who have succeeded.”

They also understand that failure is part finding a way forward. “[It’s important] to know that within certain boundaries it is OK to fail, but you don’t expect 100% success because that’s unreasonable.”

John echoed Greg’s views on trying things and experimenting. We are “better off trying a lot of things. Often it’s the unexpected thing that happens. We may fail there but might pick up on that opportunity.”

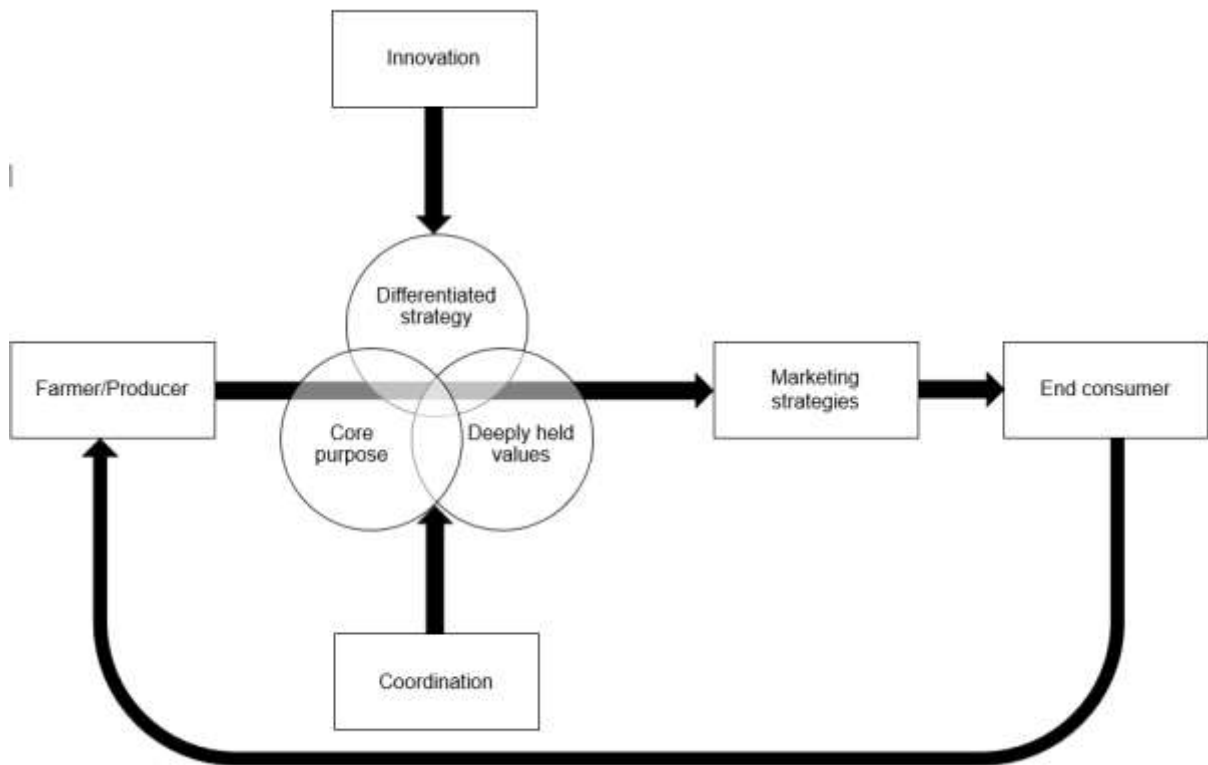
Greg is not entirely optimistic about the capacity of New Zealand Boards in this regard.

“It’s never linear and Boards and shareholders who expect linear performance are [wrong]. It’s not possible. Short-termism is a big deal in most global contexts, but in New Zealand it’s atrocious. It kills innovation.”

A Model of Value-Adding Leadership

The literature review that preceded this paper (Mayes, Wall and Cammock, 2019) suggested that innovation, coordination and the formation of effective marketing strategies are central to organisational success and are therefore critical areas of leadership focus. Following the research into NZM, a model of primary sector value-adding was created to show the hypothesised relationship between innovation, coordination, marketing strategies and the movement of products through a value chain, starting at farmers and producers and ending with the consumer. This model is shown in Figure 1 and provides the structure for the discussion that follows.

Figure 1: Model of Value-Added Leadership



Chapter 4

Leadership and the New Zealand Merino Company

The focus of this study is on ways in which New Zealand agri-food organisations can add value and garner 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”. In the global marketplace that New Zealand agri-food organisations are competing in, such value-added strategies may be critical to success. As mentioned above, the governance and executive leadership capabilities of New Zealand agri-food organisations are a critical factor in developing and successfully implementing such strategies. Fortunately, there are at least a few exemplars in the sector, one being the New Zealand Merino Company. The balance of this paper looks in particular at the leadership practices which have underpinned its success, with particular attention to the leadership of its Chief Executive John Brakenridge. It is hoped from this case study of leadership that current and emerging agri-food leadership in New Zealand is informed by a benchmark of research-proven success which allows agri-food enterprises to remain viable in an increasingly complex organisational scape.

4.1 Core Purpose and Values

Core Purpose

Central to the success of NZM is a strong sense of core purpose that informs its strategy and guides its practices. NZM’s purpose goes beyond the function of the organisation to make money. It involves the responsibility of NZM to make a meaningful difference to New Zealand society.

John talked about how organisational purpose was something that New Zealand businesses can have and make explicit.

“What is purpose? It’s what you do beyond making money. It’s an important component. It’s almost only recently you’ve been able to talk about it. We talked about it early on in terms of grower profitability and sustainability. But largely as business leaders it wasn’t cool to talk about purpose beyond making money... On the purpose side, I think the awesome thing about business today is the role of purpose. What it can play and is playing. The role business can play in purpose they can achieve more than governments. I think satisfaction and going beyond money. Saying you made a difference... The purpose has always been in it. It was beyond making money. It was making a point. Having a go at stuff people said couldn’t be done.”

As the quote above indicates the creation of “wealth for our shareholders and community” is central to the purpose of NZM. The driving engine of wealth creation is the transformation of Merino wool from a commodity into a high-value product. In this transformation the NZM purpose expands to that of enhancing the brands of their partners, giving end-users a unique experience and as one member of the senior team noted, helping to “make the world a better place”.

John also spoke about a sense of global purpose.

“What do we want to be recognised for as a country? How do we lead our country to be in a better place? What does that mean environmentally, socially, economically? I think purpose comes into that. Making the world a better place or leading the world to be a better place? How’s NZ the exemplar globally, economically, socially, and environmentally? How bold is all of this stuff from a little country at the bottom of the world? But I wouldn’t underestimate us as a connecting country, we can connect with the world, we have to step-up in all of these areas.”

As is discussed below, NZM’s commitment to helping New Zealand “step-up” extends into active efforts in educating, facilitating relationships and generally working to led change and transformation in the New Zealand primary sector. The core purpose is the driver of meaningful change in this context and is crucially important for organisations looking for innovative ways of leading positive change.

Deeply Held Values

One of the core components of NZM’s success both as an organisation and in differentiating its products are deeply held values that are articulated and modelled by John Brakenridge and embedded in NZM’s culture. Organisational values are principles by which both individuals and organisations live (Sullivan, Sullivan and Buffton, 2001). Values motivate action to achieve desirable goals (Kosteljik, 2017). Product values are defined by the end consumer (Macharia, Collins and Sun, 2013) and they determine what aspects of a product motivate a consumer to purchase a product (Kosteljik, 2017). Having deeply held values aligns followers to common principles and motivates behaviour which in turn facilitates organisational change (Sullivan *et al*, 2001).

NZM’s purpose is reflected in values that are a powerful example of the physical, credence and cultural attributes that the Unlocking Export Prosperity Research Programme is exploring. These values include working with nature to produce products of world-leading quality, environmental stewardship, sustainable practice, ethical sourcing, connection, relationships and community and an honouring of the history and spirit of both Merino wool and the farms, families and land that produce it.

Central to NZM’s values is a sense of environmental stewardship and making the world a better place through business.

“We need to be working at transformation of our primary sector very, very quickly. This is coming at us like a freight train. If what’s happened in the last 20 or 30 years happened in one year we’d be in absolute crisis – meltdown mode. I’m talking climate change, pollution, animal welfare, all of these aspects that are important to a conscious consumer.”

These challenges are balanced by, what John sees, as the immense potential of sustainable, socially conscious agriculture. “There’s never been as good of an opportunity as there is now for New Zealand products. For New Zealand superfoods and New Zealand super-fibre.”

Traditionally, the global agricultural industry has been commodity-oriented, emphasising efficiency, high-volume, consistency in quality and economies of scale (Grunert *et al*, 2005). Unfortunately, New Zealand is no exception to this norm. John argues that “we’ve just produced commodities and it’s of massive detriment to our environment, [and] to the world”. Greg Muir echoes John’s sentiments when

he suggests that, “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.”

John sees key challenges around governance, leadership and institutional inertia.

“One of the biggest obstacles is governance. Also, we are wired as a country, our universities, our research institutes, our businesses, for a model that might have suited a circumstance for the last 100 years but not the next 10. So we’re worse than starting at a clean sheet, we’re starting at minus 5. Every time someone comes up with something new, it’s not just trying to make something new work, but to do it with this huge gravitational force of what’s trying to hold you back.”

This is reflective of the personal experience John faced in the conception of the New Zealand Merino Company through strong opposition to change from outside forces such as the New Zealand Wool Board.

As discussed above, the possibilities are tremendous but so are the risks of inaction. John sees leadership as the key.

“So the [ideal] outcome is our primary sector industries have substantially transformed, and leadership is one of the key elements that will bring us there. It will give us the vision and direction, the confidence to invest, the confidence to execute – it’s 5% strategy and 95% execution. The counterfactual is that NZ is going to become irrelevant. We’ll be producing a lot of highly pollutant products that consumers don’t want. If you look at the potential for what is coming around legislative changes for rumens around the world. You won’t be exploited, you’ll be irrelevant. The opportunity is phenomenal. Failure to step up, failure to lead, NZ could end up in a pretty bad place.”

John has not been idle in his efforts to promote industry transformation. He has led several initiatives designed to influence leaders, “to understand how we can change and lead together and how much more impactful that might be.” This includes bringing CEO’s, leaders and target customers together for conversation and learning at Stanford University. His involvement with Te Hono has a similar goal of bringing CEO’s together to put, “thought into what are the obstacles here...to help people understand what is required [and] to converge on action”.

The values which underpin NZM help define its organisational culture and normative ways of doing things. Leaders help shape a culture of shared values and assumptions through their personal beliefs (Bass and Avolio, 1993). Success or failure of organisations depends on the relevance of the personal beliefs and values of the leader to current opportunities and constraints confronting the organisation. This means that the values so enthusiastically communicated by John are paramount to the culture of NZM and its viability in a value-driven market.

John’s deeply held personal values, such as those around environmental stewardship and transformational change, have become integral to the culture of NZM. This culture influences the motivations of employees and the values which NZM products are marketed with. It is manifest in the

composition, characteristics and behaviour of NZM's staff, in its relationships with its stakeholders and customers and even in the design and functioning of its premises. These values and the culture through which they gain expression are a key driver of NZM's vitality and success.

4.2 Differentiated Strategy

Differentiation and NZM

As discussed later in this case study, innovation is a process that creates products and processes which are differentiated at different stages of the value chain to meet consumer needs. Having a differentiated strategy means having a business model and culture which supports and encourages differentiation. According to Zook and Allen (2001), differentiation is the core of growth and profit for organisations. It involves evolving the core business and approaching it with renewed energy and vigour. There are three strategies identified by Zook and Allen (2001) for management teams to successfully differentiate:

- 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.

Under John's leadership, NZM has achieved this through distinguishing the role of NZM in the Merino industry, and capitalising on economic potential while expanding into new areas to gain market share in the face of a decline in the broader wool industry. This meant supporting growers to transform a quality Merino product from a commodity into a fully realised, highly-valued product for modern consumers with defined values. This would turn NZM into a marketing organisation which markets a high-quality product to end-user consumers and brands.

The growers became an asset for producing high-quality Merino that could realise the NZM vision. "The growers were great. They knew they wanted to do something different and that they had something special [to offer]." A key aspect of supporting the growers was getting them into contracts which would sustain them in producing high-quality Merino over the long-term. This was a core part of the business and relationships which drove the growth of NZM.

Differentiation is something John is passionate about and has a natural aptitude for. John described it as being a personal attribute of stubbornness that fuels his drive to differentiate and do things others said were not possible. When asked what led him to do things differently he said it was, "through a personality flaw probably. Every time someone said you can't do it that way, that was an opportunity to try do it that way."

To John, differentiation means being different from other industry players.

"Given the forces you're against you had to be quite different from everyone else. The industry was failing, it required modern language around transformation and disruption. If someone said this is the way it's currently being done, we'd say we'll try it this way. So they say you have to mix New Zealand Merino wool with Australian wool, but we'd be determined to work with 100%

New Zealand Merino wool. That was a challenge and a unique differentiated story we could offer to the market.”

As discussed above, it is John’s belief that the current ways of doing things will not suffice for New Zealand’s primary sector in the future. Consequently, large paradigm shifts are required. This will require leadership to foster innovation and new differentiation strategies. “Given what’s happening here, New Zealand can move more into textile. If you take your base raw material and what it can finish up with. That’s that sort of paradigm shift, but our leadership has got to be everywhere. There are forces that are going to resist change, not because they’re bad people, but because that’s their nature.”

The Need for a Bigger Conversation

John’s differentiation story is larger than just NZM. He locates the transition to higher-value agricultural exports in the need for a national conversation. A conversation that ideally would shift the whole focus of the economy and invoke a systemic response to the challenges and opportunities that we face as a nation. The following quote gives a sense of the breadth of his vision for New Zealand agriculture.

“I really feel there’s such an important conversation that has to happen in this country. There needs to be a national debate around transformation and change. The essence of what we’re talking about has to come front and centre. We’re looking [not only] at shifting the [whole] economy but how much are we putting into human-centred design and into understanding people and value chains and connections and importantly, the narrative. Imagine if we can overlay [the narrative] with our leadership in carbon, water quality and social responsibility so consumers over the world say... ‘Here’s a country doing it and here are their products, we’ll vote with our wallets’. But if our products are just commodities, consumers don’t get to vote. We talk about being purpose-led, but we’re really missing the boat majorly in terms of how we then wire that to connect with conscious consumers.”

John and NZM see the conscious consumer as a major opportunity for New Zealand agri-food business and for New Zealand exporters more generally. It’s an opportunity that could transform the New Zealand economy and way of life. But it’s also a window that will close quickly. Making the most of that opportunity is not primarily an issue of resources, but rather of leadership.

4.3 Fostering Innovation

The Role and Importance of Innovation

As discussed in the literature review preceding this paper (Mayes, Wall and Cammock, 2019), innovation is a key driver of the capacity to differentiate and one of the main activities for adding value in the agricultural sector (Coltrain, Barton and Boland, 2000). Innovation is associated with uncertainty and potential risk and is generally undertaken in response to competitive pressures and opportunities for differentiation (Roper, Du, and Love, 2008).

Innovation is necessary for organisations to remain viable, especially as products have continuously shortening life-cycles (Hilletofth, 2012). As products move through the value chain, firms are presented with an opportunity for differentiation through innovation (Humphrey and Memedovic, 2006).

Opportunities in the New Zealand primary sector present themselves in market disruptions. In the agricultural sector, as discussed earlier, this is present in changing standards and values, such as the need for environmental stewardship. Risks such as microplastics from synthetic fibres are also growing and indicate both an opportunity and a need for change. As organisations face pressure to meet evolving standards and values and satisfy changing consumer needs, they need to take the opportunity to differentiate their products and adapt.

John recognises that rigidly sticking to old ways of doing things can be harmful and that there is a desire among consumers for the norms to change, “There’s a lot of behaviours which are normalised within the country that we just think is just normal. But now on social media, you can say ‘actually that isn’t good enough’.”

Greg Muir identified a number of opportunities for innovation in New Zealand’s primary sector. These include shifting from animal to plant-based proteins.

“The plant-based proteins in red meat are now well-established. Plenty of manufacturers creating plant-based proteins that look and taste like red meat. Similarly, you would have to expect plant-based proteins can and will be a direct substitute for dairy. One way of getting milk is grow grass, feed it through a cow and get milk. You can also grow plants, feed it through a process and get milk. What’s the difference?”

NZM, like other businesses in New Zealand agriculture, has faced pressure to evolve and adjust to meet the future needs of consumers lest they become irrelevant. John argues that change in this area is critical. “We’ll be producing a lot of high pollutant products that consumers don’t want. If you look at the potential for what is coming around legislative changes for rumens around the world. You won’t be exploited, you’ll be irrelevant.” These disruptions go beyond opportunities for differentiation, however, as John points out, the failure to change, innovate, and lead change could result in the failure of the primary sector, “The opportunity is phenomenal. Failure to step up, failure to lead, NZ could end up in a pretty bad place.”

Leadership is identified as a contextual factor which predicts employee and organisational innovation (Hammond *et al*, 2011) as well as other antecedents and contextual factors such as motivation, self-efficacy, autonomy, climate for creativity/innovation, positive climate, which have components of leadership. Discussion with John revealed numerous aspects of his practice and leadership that encourage and enhance innovation.

Innovation and “Strategic Insight”

John is a leader who has detected opportunities in the market and harnessed the power of innovation to add value to his organisation and its outputs. John has used a market-centric and value-based approach in his leadership of NZM (2015, 2016, 2017, and 2018 Annual Reports). His ability to detect disruption and opportunities for differentiation is a critical leadership competency which is frequently referred to as “strategic insight”.

Zook and Allen (2001) argued that lower-performing organisations in their study were three times more likely to have senior leaders who said that they were too busy with day-to-day crises to step back and look at the essential fundamentals of their businesses with strategic insight. The reverse applied to the high performing organisations in the same study. Evidence of the strategic capability of John and his team is their capacity to detect opportunities and run with them.

“Our market at the moment is going ballistic. In terms of fibre space, textiles is about a 1.2 trillion dollar industry. Around 70% is fossil fuel fibre. The average wear of the US consumer is 7 times of a garment... textiles is the second largest pollutant behind oil and gas in the world. Every time you wash a polyester top you have microbeads that don’t biodegrade ending up in waterways, entering our food supply, etc.”

Microbeads in cosmetic and cleaning products are banned in New Zealand (Ministry for the Environment, 2018), however microplastic from synthetic fibres such as polyester are both abundant and widespread within the marine environment (Cole *et al*, 2011). This is evidenced in New Zealand beach sediments which have microplastics from various sources present (Clunies-Ross *et al*, 2016).

Environmental challenges such as this are opportunities on which businesses like NZM can capitalise and meet environmental stewardship and credence values which are important to many modern consumers.

“If we’ve got the wiring right, between the growers and end market, this is a phenomenal opportunity for New Zealand... we’ve just produced commodities and it’s of massive detriment to our environment, to the world. People are puzzled, saying the market won’t reward you, but it will reward us if we get the wiring right.”

John associated his capability around strategic insight with his ability to see the bigger picture without getting caught in details.

“I’ve got weaknesses but I’m able to see the big picture. That notion of strategic insight is incredibly important in a role in this type of business going into uncharted waters. If you say ‘what’s a potential strength?’, then that’s it.”

From the foundation of NZM, John met with resistance from those who couldn’t see the long-term benefits of what they were trying to achieve and were caught in short-term politics and risk avoidance, “When the Wool Board [finally] said ‘do it yourself’, they started to get really nervous. Some of them could get it and understand it and others, like in any distribution curve, were around the detail.”

Innovation and Investment

NZM has invested significantly in research and development. Projects include a \$1 million study on the benefits of Merino fibre (Brakenridge, 2004), a wellbeing project (www.perfectsheep.co.nz), a production science program (2012, 2013, 2016, 2017 and 2018 Annual Reports and www.nzMerino.co.nz), apparel-skin interaction (2016 Annual Report), Wool for Wellness (2017 Annual Report), and Studio ZQ (2018 Annual Report).

Science and research are a method John identifies for detecting areas of excellence in New Zealand. When discussing the science surrounding “Impossible Foods”,¹ John said “... [there are] a lot of science people working in that business. Where are those pockets of excellence across the world and [can we] bring it to NZ?” There is promise for New Zealand to use research and development through projects such as these to detect areas of excellence for New Zealand that can set it apart from competitors.

Another innovation was moving NZM away from traditional auction-based sales and replacing this with forward contracts (Denend and Shiv, 2011). This innovative means of managing Merino sales was initially met with significant resistance.

“There were threats of boycotts. The first grower who put their wool into one of our contracts, because it was all auction, they’d boycott the rest of their wool at auction. People were nervous about change.”

This meant changing the view of Merino from a commodity category to a premium product by investing in research and development and developing the Merino fibre story. The sales process also needed to change by implementing forward contracts and removing sales through traditional auctions.

4.4 Innovation and Leadership Styles

In terms of leadership styles, several have been positively associated with innovation. These include transformational, transactional, servant, and authentic leadership. An emerging area of research in leadership and innovation suggests that ambidextrous leadership, the combination of transformational and transactional leadership behaviours, encourage different processes of creativity and innovation and are required to be used at the correct times. These are discussed in terms of their presence in John’s actions and leadership to assist in NZM innovation efforts.

Transformational Leadership

Transformational leaders raise performance expectations and inspire followers to do more (Bass, 1985). The five first-order factors of transformational leadership are: Idealised influence (attributed), idealised influence (behaviour), inspirational motivation, intellectual stimulation, and individualised consideration (Antonakis, Avolio and Sivasubramaniam, 2003). Research has shown that transformational leadership has positive influences with employee and organisational creativity and innovation, both directly and indirectly. This relationship was discussed extensively in the literature review. John Brakenridge clearly models these behaviours.

Idealised influence involves the socialised charisma and charismatic actions which focus on higher-order ideals and ethics. John has built NZM on a strong sense of purpose and deeply held values (as discussed earlier). John speaks with conviction and convinces others of his ideas and innovations. This is evidenced by his ability to contract with growers who faced not only their own doubts, but threats from industry members and threats of auction boycotts.

¹ Impossible Foods is an organisation which has innovated plant materials to create a food product which retains the appearance and flavour of meat. This is primarily for sustainable and ethical purposes. It uses heme, an essential molecule found in plants and animals, and plant-based heme is made through fermentation of genetically engineered yeast.

Inspirational motivation means energising followers with optimism, ambitious goals, and vision. John has framed NZM in a transformational way with a vision to extend the New Zealand primary sector beyond what people thought was achievable.

“What do we want to be recognised as a country? How do we lead our country in a better place? What does that mean environmentally, socially, economically? ...I think purpose comes into that.”

John is driven to see New Zealand as a global exemplar of value and purpose-led business and this motivates employees toward this vision.

Intellectual stimulation involves satisfying follower needs for intellectually challenging, logical and analytical tasks while encouraging them to think and act creatively. John’s primary use of intellectual stimulation is evident in the way he challenges normative ways of operating. John’s team and stakeholders need to act and think creatively, innovatively and out-of-the-box to shift New Zealand primary sector paradigms. “I think it needs to be open to just challenge all of our paradigms and normative thinking around all of this. It’s got to be transformational.”

John also encourages learning at the individual, team and organisational levels. When asked if learning was fundamental John replied:

“Yeah. There’s an applied learning to it too. You’re working with brands, not just academic learning, there’s context you’re applying. We could take customers, that’s been one of the biggest buzzes we’ve had as a business... Physical space is important too. Beyond what I really had consciously thought about. I hadn’t realised how important it was moving in here, the latent demand for physical space... They’re learning, they’re growing. They’re sharing passions.”

Individualised consideration is the advice, support, and attention paid to followers. One way individualised consideration has been implemented by John is the way he invites followers to Stanford for their learning and experience, giving them the opportunity to organise and oversee things, observe and learn, and apply this to their work in New Zealand.

“With the Stanford thing, it’s linked in with passion and purpose. Our time has been unpaid, pulling together New Zealand business leaders and taking them to Stanford. What I’ve tried to do is for my staff seeing me put time into that, they’re up there too helping me organise and coordinate, but they’re sitting in on meetings. A lot of my staff have been up there for free. They’re sitting back, watching, observing, learning.”

Transactional and Ambidextrous Leadership

Transactional leadership involves more contingent reward leadership and management-by-exception (Antonakis *et al*, 2003). The literature review pointed out that both positive and negative relationships exist between transactional leadership and creativity/innovation.

Research in ambidextrous leadership, however, shows that leadership behaviours from both the transformational and transactional paradigms are important for innovation, in particular, “opening” and “closing” behaviours (Rosing, Frese and Bausch, 2011). Opening behaviours encourage exploration

to find those creative opportunities while closing behaviours encourage exploitation to innovate those opportunities and turn them into action. Transformational leadership has been linked to opening behaviours, and transactional leadership has been linked to closing behaviours. Ambidexterity is the marriage of these behaviours and the ability to switch as the need arises.

The successful innovations that have been made by NZM have been supported by John's ability as a leader to encourage the exploration and implementation of new ideas and his consequent capacity to find a marriage between creativity and innovation. This requires ambidexterity to engage in the right behaviours for the tasks at hand and shift between them as necessary. John stated that execution was a very important part of change.

“So the [ideal] outcome is our primary sector industries have substantially transformed and leadership is one of the key elements that will bring us there. It will give us the vision and direction, the confidence to invest, the confidence to execute – it's 5% strategy and 95% execution.”

Servant and Authentic Leadership

A servant leader is one who wants to serve others, aspires to lead, and takes a moral high ground (Greenleaf, 1977). Servant leaders encourage creativity and innovation through their communication of what is right or important in work contexts (Neubert *et al*, 2008). As John observes,

“I think people enjoy when someone has a vision and is passionate about it. I think people like being led and that notion. To me it's coming back to that strategic insight, framing it. Projecting it... that's the leadership, not only having the vision but being able to connect the components that propel that vision.”

John is clearly dedicated to leading his staff toward collective action toward a shared vision.

Authentic leadership is the principle of leaders being their authentic selves and knowing, accepting and remaining true to themselves (Avolio *et al*, 2004). Authentic leaders behave in accordance with their deeply held values and this cascades through to followers, becoming a driver of organisational culture. Authentic leadership influences creativity and innovation through personal and social identification, hope, trust, positive emotions, and optimism.

Greg Muir spoke a lot about authenticity and its importance for organisational culture.

“Authenticity is grossly undercooked as an attribute for CEOs. Teams smell authenticity quickly. Teams can sense when a CEO is using it as a stepping stone. Having authenticity is really important. You can't be on a crusade to get to the biggest job then accept your career ends there, teams can sense that... It's something people sense, they just know that you're in the business for the right reasons. It often relates to the way you treat people, how you show respect to [everyone], and the values you bring and how you live those values. Authenticity is demonstrated, not spoken about. You can't claim authenticity through speeches, it's what you do. Authenticity is part of the culture. It's not signs on the wall, it's things we do and say to people. Also things we don't let people do and don't say to people.”

Greg also talked about the importance of uniformly maintaining organisational values in the behaviour of senior managers.

“It only needs one member of the senior team to be counter-cultural...it ruins the culture immediately. I think culture in organisations is mostly about the way the behaviour of the senior team is observed. If they are aligned and exhibiting similar behaviours in similar issues, people see it as a blueprint in how they should behave. It changes performance in organisations.”

Authenticity is important for culture and values to be proliferated through the organisation and to establish normative ways of behaving and performing. John has obvious convictions in his values.

“Making the world a better place or leading the world to be a better place? How’s New Zealand the exemplar globally, economically, socially, and environmentally? How bold is all of this stuff from a little country at the bottom of the world.”

Through John’s authenticity, these values are proliferated throughout NZM and have helped create a culture defined by deeply held values, clear purpose and innovation around a well understood and differentiated strategy.

4.5 Leading Coordination

Coordination is the arrangements of organisations along the value chain that produce and market products (Coltrain *et al*, 2000). Horizontal coordination is the pooling and consolidation among individuals/companies at the same point in the value chain, whereas vertical coordination/integration occurs between different levels in the value chain (Bijman, Muradian and Cechin, 2011). Coordination allows for value to be connected at all stages in the value chain to ensure that consumer demands are met and carried through.

Under John’s leadership, NZM broke the siloed norms that dominated the New Zealand wool industry by linking growers with the end market through vertical integration (KPMG, 2015). This vertical linkage in the value chain helps create value by ensuring that consumer preferences are met by the growers and by everyone in between. The 2016 NZM Annual Report suggests that growers have recognised the importance of coordinating and cooperating, not only among themselves, but also with other stakeholders. Biggemann, Williams, and Kro (2014) argue that pride is felt by the parties in the value chain and this pride promotes collaboration. NZM has been involved in a number of projects promoting coordination. These include Waka Aotearoa (2016 Annual Report) and the Vanguard Wool Event (2018 Annual Report).

John believes that relationships and connections are a crucial aspect of the success of NZM and achieving their vision. “The next key word is connecting, there’s a lot of interpersonal connections.” This connection is important for realising the organisation’s vision. Connecting with individuals helps bring the vision of NZM to fruition and ultimately connects growers to end-users in a way that earlier commodity approaches could not have allowed.

“That’s the leadership, not only having the vision but being able to connect the components that propel that vision. And that is very strongly relationship-driven... It’s an important component to us. You’re selling to people or you’re connecting people to make the whole thing work. So

much of what business teaches it forgets the people side. We as a nation have never understood that, in terms of how we take our products to market.”

One aspect of coordination and relationship building for NZM is the Stanford experience discussed above. This event pulls in global leaders to learn and discuss issues in leadership, disruption and innovation. “We had Stanford events and pulled in 70 people from all over the world, pulled in international thought leaders... That was deep for our relationships and insights.”

Much of the relationship-building conducted by John is built on the principle of *manaakitanga*, including hosting dinners and events and extending welcomes to partners and potential clients.

“People talk about *manaakitanga*, it’s a Kiwi thing, we enjoy hosting, we entertain, etc. We’ve always been big on hosting but it’s not just having people for dinner, it’s about making it meaningful... It’s the breaking of bread, how food is an important part of enhancing a connection. The word connection is important in this kind of relationship. We love connecting growers, and when we’re connected, we step back and my energy is spent and we can watch it happen.”

John gets obvious satisfaction from hosting and building relationships. John has described much of his work as person-centric with partnerships and relationships at the core.

“Yes you naturally like it or you don’t. We do, and I do personally. The personal relationships we’ve got, it’s even more important today than it would have been years and years ago. It just shifts the whole nature of what you’re dealing with. What you enjoy are people... People should be front and central of so many things.”

John’s dedication to collaboration, building relationships and strengthening connections has strengthened NZM’s vision for differentiating New Zealand Merino, and integrating the value chain has contributed to their success. It starts by building relationships with growers, connecting them to one another, and connecting key players in the value chain so that value is carried to the consumer.

Participative and Collaborative Leadership

The literature suggests that coordination is strengthened by participative and collaborative leadership. Participative leadership is joint decision-making between leaders and followers (Koopman and Wierdsma, 1998). Participative leadership means soliciting and considering the suggestions of partners and involving others in decisions (Mehta, Dubinsky and Anderson, 2003). Collaborative leadership, similar to participative leadership, has partnership as the focal point and involves managing relationships, not just the deal (Kanter, 1994). In value chains this means pooling skills and resources across chain partnerships, giving these organisations a competitive advantage.

Participation and collaboration are evidenced in John’s leadership in the partnerships he forms and fosters and the mana he gives followers and partnerships. “A lot of this was about strategy, leadership, change, all of these aspects. What this was doing was getting our whole value chain understanding the same language, understanding disruption, understanding how we can change and lead together and how much more impactful that might be.” John also collaborates with other organisations to the betterment of New Zealand’s Merino industry.

4.6 Leadership and Marketing Strategy

Use of marketing channels allows for the value-added to products to be communicated to consumers (Coltrain *et al*, 2000). The shift away from agricultural outputs as commodities by branding products disrupts traditional agricultural markets and uses innovation and coordination in an entrepreneurial marketing approach (Lewis *et al*, 2014).

NZM has been integral in shifting New Zealand merino wool products to be more highly valued so that consumers are willing to pay a price premium. Marketing strategies which add value to agricultural products include branding, market-/brand-orientation and entrepreneurial marketing, and these are ones which NZM have used successfully.

Branding involves the mental associations that consumers have of a product that add to its perceived value (Kosteljik, 2017). Brand equity occurs when consumers have a familiarity with a brand where that brand has strong, favourable, and unique associations compared to non-branded versions of a product (Keller, 2008).

Where consumers are not aware of the unique values a product has, branding alleviates confusion (Lewis *et al*, 2014). Through having a sense of purpose, deeply held values, a differentiated strategy and close relationships with their brand partners, NZM has shifted Merino wool from a commodity to a fully-realised brand which has values perceived by consumers willing to pay a price premium.

Market-orientation involves branding where products are designed in response to consumer demands in an outside-in approach (Urde, Baumgarth and Merrilees, 2013). Conversely, brand-orientation involves branding products around the mission, vision, and values in an inside-out approach. Both are important for marketing value-added products and are not mutually exclusive as organisations can employ both and at different levels at different times.

NZM has employed a hybrid orientation whereby traditional aspects of Merino, such as being grown in New Zealand by New Zealand farmers are marketing alongside emerging consumer demands. In this way, NZM retains its roots while evolving with the market, combining both market- and brand-orientations.

John guided NZM to differentiate and brand Merino fibre to cater to segmented markets (Denend and Shiv, 2011; Mitchell *et al*, 2009). According to Mitchell *et al* (2009), more than differentiation, NZM used a positioning strategy based on scarcity value. The company also targeted the LOHAS (lifestyles of health and sustainability) market which is worth US\$200 billion in the US alone (Denend and Shiv, 2011). They conducted extensive market research and market development (Denend and Shiv, 2011). Insight work through Team USA, for example, provided important US consumer information that could shape NZM's work in the future (2016 Annual Report).

Entrepreneurial marketing is another strategy through which agricultural products may be branded with innovation and coordination to deliver messages about product value to consumers. Entrepreneurial marketing disrupts existing markets through innovations which meet new and emerging consumer needs and garner profits before those innovations are diffused throughout the market (Darroch, Miles and Paul, 2005; Miles, Paul and Wilhite, 2003). This goes beyond consumer needs as it requires forward-thinking to predict market trends and forecast consumer demands.

Much of the success of NZM in having a global competitive advantage in Merino can be attributed to the entrepreneurship of its leadership. This involves foresight in seeing opportunities in potential disruptions and capitalising on them to gain competitive advantage and market share. This positions NZM ahead of its competition and sets a global example in value-based business. These opportunities are ones John foresees now for New Zealand with regards to environmental, social, and economic demands. Unfortunately, not all New Zealand leaders are equipped to deal with these changes and challenges.

“Now with that there are challenges. What does that mean for businesses like ours? It’s a tipping point, we have to be careful. We’ve got long-term contracts where growers are perhaps behind where the spot market is. We’re trying to manage the orderly growth of that. If we’ve got the wiring right, between the growers and end market, this is a phenomenal opportunity for New Zealand... But we’ve actually got a phenomenal opportunity around super-food and fibre.”

One of these opportunities John believes is important for New Zealand agricultural organisations is framing business around a narrative and working with brand partners to build a brand-identity.

“From my personal point of view. This is where NZ primary sector has it so wrong but has a good opportunity. If you look at Icebreaker. There’s no great breakthrough circular technology – it had been around for a long time. Where it broke through was with the narrative... So the narrative for us has been about the base foundation levels of where it comes from. Then it’s been about a big investment from us around environmental footprint, sustainability, regenerative farming, all those sorts of things become really important. The peak of this is helping the narrative that suits the brands.”

Other marketing activities of NZM include presence in micromarkets and use of “pop-up” retail stores and mobile stores (Denend and Shiv, 2011), establishing offshore “centres of excellence” (KPMG, 2015), content generation for brand partners (2014 Annual Report), promotion of ethical wool in global fora (2015 and 2016 Annual Reports), and also hosting brand partners in New Zealand (2017 Annual Report).

The literature review found that leadership is an important aspect of marketing enterprises. Greg Muir argued that leadership needs to have a sophisticated understanding of the markets in which they are selling products. “For a business exporting – experience building brands and building market positions and understanding how you gain market insights in a business very far away.” With NZM moving from commodities to marketing, leadership has been crucial to branding New Zealand Merino. Transformational leadership has been found to support a market-orientation, market differentiation, innovation differentiation, and subsequent organisational performance (Menguc, Auh and Shih, 2007). This is ascribed to transformational leaders influencing strategy formation, implementation, and culture cultivation.

Another leadership style associated with successful marketing endeavours is entrepreneurial leadership which combines the entrepreneurship and leadership concepts (Zyl and Mathur-Helm, 2007). This involves directing attention to entrepreneurial goals and motivating and encouraging the pursuit of these goals (Renko *et al*, 2015). In terms of NZM, John has had to orient his followers and colleagues toward entrepreneurial goals in Merino wool marketing. This meant moving Merino wool products from a commodity to a product which is marketed to consumers with a narrative of the values

and processes. John refers to selling an ‘experience’, “...let’s work about how we can make a narrative... which then helps you get a better price margin reputation... Those things helped us be significantly different from anybody else... It’s the whole experience... What does success look like? What experience are you designing?”

As a transformational leader with an entrepreneurial approach to marketing, John has been able to transform the market status of Merino wool from a commodity sold at auction to a quality product with values important to consumers. This requires John to have the capacity to detect the need for value-based innovation and differentiation, be entrepreneurial in his approach and lead a team of like-minded individuals to disrupt the existing Merino market. John has clearly been successful in these areas.

4.7 Traceability and Connection

The final arrow in the Model of Primary Sector Value-Adding outlined in Figure One above, is the one which connects end-users to the growers. This connection conforms to the need for “traceability” so that consumers can feel assured of the authenticity of the physical, credence and cultural attributes that are adding value over and above those of competing products and for which they are paying extra money. It also refers to a connection with the grower families, communities, relationships, landscape, values etc., that is marketed as a core part of the end-user experience.

“The narrative for us has been about the base foundation levels of where it comes from. Then it’s been about a big investment from us around environmental footprint, sustainability, regenerative farming, etc. All those sorts of things become really important. The peak of this is helping the narrative that suits the brands.”

John highlights that value has been added to NZM products through the grower-end-user connection. He uses the brand partnership with Icebreaker as a specific example.

“How do you work with Icebreaker in a way that’s sort of edgy? We worked with them with the early barcodes, where you could go in and see some of the stations that produced some of the wool for the garments. In other ones, in luxury market, it’s a rarity of it leading into the type of triggers that help that brand be able to effectively help with sales.”

As discussed above, NZM works to create a value-added narrative which is a key aspect of their marketing strategy. Inherent in this strategy is the fostering of a connection between end-users and growers which supports the traceability and integrity of the value-added attributes that NZM is marketing and also enhances the end-user experience of those attributes. The “wiring” which runs through the value chain from growers to end-users facilitates traceability and connection that adds significantly to the credibility and power of its value-added narrative.

The value that NZM offers in this “wiring” and connection goes well beyond the quality and physical attributes of the wool. NZM supports their brand partners in selling at a premium price to conscious consumers who not only value the physical attributes of their products but also place a high value on the credence and cultural attributes that are embodied in NZM’s values. As mentioned above, these include environmental stewardship, sustainable and ethical practice and an honouring of the history

of the land, families and communities that grow the wool. When the wiring is right, NZM's brand partners can market to socially conscious consumers who are not only buying the highest quality products, but are experiencing a connection with the land, families and communities that produce the wool and with a value-set that enables them to feel like they are contributing to a more natural, sustainable and better world. This is a powerful value proposition that not only enhances the value of Merino wool but which can also be used to add value to adjacency products developed from other natural fibres.

4.8 Additional Leadership Capabilities

In addition to the leadership capabilities that fell within the model discussed above, a number of other leadership capabilities were associated with the leadership story of John Brakenridge and NZM and which may well be relevant to agri-food businesses seeking a price premium in off-shore markets.

"Horsepower" and Energy

Greg Muir spoke about the ability to hold multiple thoughts and scenarios at once. This is a capability strongly related to strategic insight and which Greg referred to this as 'horsepower'.

"It's people with big horsepower, able to keep a lot of thoughts and process different scenarios, able to match people with different skills, having sophistication to sell ideas to Boards and offshore markets... A CEO of one of these businesses that's performing well is in a really complex role with lots of balls in the air. The organisation feeds off the energy and vitality of the CEO."

John also spoke about the importance of passion and energy in leadership.

"The people I've most responded to are people with passion. To me, that's the essence of leadership. The energy they've portrayed and you get swept along with it."

These qualities of horsepower, passion and energy are clearly present in John's leadership of NZM. The story of NZM is one of success in the face of significant resistance from elements of the broader political and agricultural establishment. As John noted he was motivated rather than crushed by such 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 capacity is obviously critical to leaders seeking to innovate in the face of more traditional approaches and will be an important element of future value-adding agri-food leadership.

A Great Team

Leadership researcher and consultant Jim Collins has repeatedly emphasised the importance of leaders being supported by great teams. In relation to this study, this would also include a supportive and innovative Board. This was a theme that was strongly supported by Greg Muir.

“Maybe the CEO wants to change things but the Board tells them to slow down... The skills of executive teams is also a real challenge. Will a CEO risk changing their executive team to achieve change? They should but they don’t. Status quo is enormously powerful, turning inertia off is the single biggest challenge any CEO has. That’s mostly the answer why a lot of this doesn’t happen.”

John has obviously had the support of a strong and well-led Board. “In recent times I’ve been fortunate with the Board being led by a strong individual, she enables some of [the innovation] to happen.”

He has also had the support of a highly committed and competent team, or the “good people around you”. NZM has a value mind-set (Brakenridge, 2016) where each team member thinks of how they could add value to their partner retailers, knowing that this will benefit its growers in the long run (Denend and Shiv, 2011). An important factor in developing this mind-set has been the opportunity to participate in learning opportunities such as the Stanford University retreats that NZM has facilitated.

“With the Stanford thing, our time has been unpaid for, pulling together NZ business leaders and taking them to Stanford. They’re up there too helping me organise and coordinate but they’re sitting in on meetings. They’re sitting back, watching, observing, learning. We find it really effective. You go in with the team and [come out] with a common language, your ability to implement has gone up. There’s an applied learning to it too. You’re working with brands, not just academic learning, there’s context you’re applying. That’s been one of the biggest buzzes we’ve had as a business.”

Over and above the learning from events like the Stanford retreats is the direct learning that comes from “working intimately with the brands. That’s the thing that’s resonated the most out of anything.” Ongoing contact with world-leading brands has a major developmental payoff.

“The team are so educated, when they walk in, we tend to get time with senior people and we’re constantly learning from them and then we’re learning from somewhere else. We probably don’t know how much we actually know given the brands we work with around the world. [That informs] the nuances around what [things] means and how [things] work, what you tune up and down.”

4.9 Passion and Purpose: A Final Thought

In talking with John Brakenridge it becomes quickly evident that he has a level of energy and enthusiasm that is both infectious and well beyond the level of the average New Zealand Chief Executive. One question that arose in the conversations with John was that of how he was able to sustain such a high level of energy over the sustained period in which he has been in his role. The answer seemed to reside in a combination of personal passion and purpose which was completely aligned with the vision of NZM. In discussing his passion for the role John recalled.

“I always wanted, since being a young kid to have a career and business in primary sector. This is a vehicle to do it. That’s what resonates. [In the] primary sector, there’s something real.”

Beyond the personal passion for the industry John evinced a powerful sense of purpose.

“The purpose has always been in it [for me]. It was beyond making money. I think the awesome thing about business today is the role [it] can play in purpose. They can achieve more than governments. I think it’s the satisfaction of going beyond money. Saying you made a difference.”

Passion and purpose together provide a work foundation that has been described as a “calling”. Kim Cameron in his book *Positive Leadership* (2008, p. 54) argues that “the more that individuals define their work as a calling...the more meaningful the work...High levels of meaningfulness in work have been found to be associated with positive outcomes and extraordinary individual and organizational performance.”

In his book *Great at Work: How Top Performers Do Less, Work Better and Achieve More*, Morten Hansen (2018, Loc 1434) observes, “Our study of 5,000 people shows that people who match passion with purpose perform much better, on average, than those who lack either purpose or passion or both...The key therefore is to infuse your work with both passion and purpose.”

John certainly evidences a tremendous sense of energy and meaning in his work which clearly flows from his personal sense of calling and in turn seems to infuse the whole NZM organisation. Of all the leadership lessons that are associated with this case study, the power of a sense of calling as the foundation for value-adding leadership is one of the most significant.

Chapter 5

Conclusions

New Zealand Merino has been remarkably successful in supporting the transformation of Merino wool from a commodity into a high-value product that supports grower returns and financial sustainability, enhances partner brands and enriches the experience of end-user consumers. It provides a powerful example of value creation built around the physical, credence and cultural attributes that the Unlocking Export Prosperity Research Programme is exploring.

NZM's success is the product of a complex network of committed growers, innovative brand partners, a skilled and supportive Board and a great team. Within this complex network, however, Chief Executive John Brakenridge emerges as a central driver of NZM's achievements. Much of this can be attributed to how John has responded to disruption in the industry and led NZM to develop differentiation and marketing strategies that would lift New Zealand Merino wool out of its commodity status.

John conforms with many of the elements associated with effective leadership and his success as a leader can be readily understood in light of the leadership research presented in the earlier literature review and which have been discussed in this paper in the context of the model value-added leadership. Amidst these elements his energy, enthusiasm and capacity to inspire stand out. It is an inspirational capacity derived from a powerful sense of passion and purpose which fuels his ability to foster and persuasively articulate a transformative and strategically insightful vision for NZM and for New Zealand agriculture. This is a vision of a "ballistic" international market driven by "conscious consumers" increasingly sensitive to issues like "climate change, pollution [and] animal welfare" which he sees as presenting an unprecedented opportunity for New Zealand superfoods and superfibres.

NZM pursues this vision with a strategy built around supporting their brand partners in selling at a premium price to socially conscious consumers who place a high value on quality and on the credence and cultural attributes of their purchases. NZM's strategy provides a connection across the value chain that links end-users with the growers. When the "wiring" is right, socially conscious consumers are not only buying the highest quality products but are experiencing a connection with the land, families and communities that produce the wool and with a value-set that enables them to feel like they are contributing to a more natural, sustainable and better world. This is a powerful value proposition that not only enhances the value of Merino wool but which can also be used to add value to adjacency products developed from other natural fibres. It is this vision which is at the heart of NZM's success and which is central to John's effectiveness as its CEO.

This is the first of six case studies focused on New Zealand agribusiness organisations that market added-value products. This added value is created not only by the quality and **physical attributes** of the products but also by placing emphasis on **credence attributes** such as environmental stewardship, social consciousness and ethical practices and **cultural attributes** such as a connection with the land and a long and passionate family history in the industry. Our conclusion is that NZM is an exemplar of this type of organisation and its CEO John Brakenridge of the values, vision and competencies required to lead it.



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