

**THE STRATEGIC PLANNING PROCESS
OF AGRICULTURAL NICHE MARKETERS:
A CASE STUDY APPROACH**

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ABSTRACT

This study is based on the premise that it is important to understand how niche marketers manage the process of farm level adaptive change. A review of the relevant literature revealed the limitations of research on the strategic planning process pertaining to small business. A normative model of the strategic planning process was synthesised and used as an analytical framework to assess the planning behaviour of agricultural niche marketers in the study.

On completion of a review of research methodologies for the social sciences, the multiple-case holistic design was selected. Data was collected and analyzed. The principal analytical method used was pattern matching. The technique of explanation building was applied in order to draw conclusions about the correspondence between the normative model and the actual planning practices of agricultural niche marketers. A revised model of the planning process is then proposed.

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TABLE OF CONTENTS

CHAPTER 1: INTRODUCTION.....	1
1.1 Nature of the Problem.....	1
1.2 Purpose of the Study.....	4
1.3 Thesis Outline	5
CHAPTER 2: THEORETICAL CONSIDERATIONS	7
2.1 Introduction	7
2.2 The Management Environment: Agriculture and General Management.....	7
2.3 Strategic Planning: Development of the Conceptual Model	8
2.3.1 Theory of Strategic Planning	8
2.3.2 Strategic Planning:Empirical Findings	16
2.4 A Normative Model of Small Business Strategic Behaviour.	18
2.4.1. The Decision to Plan: Setting Objectives.	19
2.4.2 Organizational Mission.....	21
2.4.3 Company Objectives.....	21
2.4.4 Situation Analysis.	21
2.4.5 Selection of the Strategic Direction.....	22
2.4.6 Implementation	25
2.4.7 Control	25
2.5 Conclusion	25
CHAPTER 3: RESEARCH DESIGN	27
3.1 Introduction	27
3.2 Special Considerations of the Research Problem	27
3.3 Research Methodologies.....	28
3.4 The Case Study as a Research Method.....	31
3.4.1 Research Case Study Definition and Characteristics	31
3.4.2 Research Applications	32
3.4.3 Selection of Research Methodology	33
3.5 Operational Considerations in Research Design	34
3.6 Case Study Design Selection	36
3.7 Case Research Design: Analyzing Evidence	38
3.7.1 General Design Strategy	38
3.7.2 Specific Strategies Used	38

3.8	Case Study Protocol.....	40
3.9	Conclusion	43
CHAPTER 4: CASE STUDY ANALYSIS		45
4.1	Introduction	45
4.2	Background of Case Study Participants	46
4.2.1	History of Quinn Farms and Robert M. Quinn	46
4.2.2	Mokoski Market Farm	50
4.2.3	Beck Farms	50
4.2.4	Roger Stein	52
4.3	The Strategic Planning Process	53
4.3.1	The Decision to Plan.....	53
4.3.1.1	Key Result Area Analysis for Quinn Farms	54
4.3.1.2	Patterns from Other Cases	55
4.3.1.3	Comment on Cross-Case Pattern	57
4.3.2	Company Mission	58
4.3.2.1	Key Result Analysis for Quinn Farms	58
4.3.2.2	Key Result Analysis for Other Cases	59
4.3.2.3	Comment on Cross-Case Pattern	60
4.3.3	Company Objectives.....	60
4.3.3.1	Key Result Analysis for Quinn Farms	61
4.3.3.2	Key Result Analysis for Other Cases	62
4.3.3.3	Comment on Cross-Case Pattern	63
4.3.4	Situation Analysis	64
4.3.4.1	Key Result Analysis for Quinn Farms	65
4.3.4.2	Key Result Analysis for Other Cases Participants.....	67
4.3.4.3	Comment on Cross-Case Pattern	68
4.3.5	Selecting a Strategic Direction	69
4.3.5.1	Key Result Analysis for Quinn Farms	69
4.3.5.1.1	Leasing livestock to neighbours.	70
4.3.5.1.2	Growing traditional crops using different agronomic techniques to reach different markets	71
4.3.5.1.3	Growing specialty crops that fit the agronomic requirements of crop rotation and chemical free production.....	71

4.3.5.1.4	Providing value-added processing for specialty markets.....	72
4.3.5.1.5	Concentration on heritage grains sold under the Kamut brand name.....	73
4.3.5.1.6	Provide greater autonomy to the flour mill as a separate strategic business unit.....	73
4.3.5.2	Key Result Analysis for Other Cases	73
4.3.5.3	Comment on Cross-Case Pattern	75
4.3.6	Strategic Plan Implementation and Control.....	76
4.4	Conclusion	77
CHAPTER 5: CONCLUSIONS		78
5.1	Introduction	78
5.2	Theoretical Constructs from Cross-Case Analysis	78
5.2.1	The Decision to Plan.....	79
5.2.2	The Organizational Mission	82
5.2.3	Setting Company Objectives	84
5.2.4	Situation Analysis	85
5.2.5	Selecting a Strategic Direction	86
5.2.6	Implementation and Control	88
5.3	Generalized Model of Strategic Planning for Niche Marketers	89
5.4	Managerial Inferences	94
5.5	Implications for Further Research	98

LIST OF TABLES

TABLE 2.1	STRATEGIC PLANNING MODELS; DISTINCTIVE ATTRIBUTES ..	19
TABLE 2.2	KEY RESULT AREAS OF THE STRATEGIC PLANNING PROCESS ...	20
TABLE 3.1	RESEARCH STRATEGIES FOR DIFFERENT SITUATIONS	29
TABLE 4.1	DESCRIPTION OF CROSS-CASE CATEGORIES	47
TABLE 4.2	CHRONOLOGY OF EVENTS FOR QUINN FARMS	49
TABLE 4.3	CHRONOLOGY OF PRODUCTION DECISIONS FOR MOKOSKI MARKET FARMS	51
TABLE 4.4	CHRONOLOGY OF CARROT PRODUCTION FOR BECK FARMS	52
TABLE 4.5	CROSS-CASE COMPARISON OF THE DECISION TO PLAN	57
TABLE 4.6	CROSS-CASE COMPARISON FOR CORPORATE MISSION	61
TABLE 4.7	CROSS-CASE COMPARISON FOR COMPANY OBJECTIVES	64
TABLE 4.8	CROSS-CASE COMPARISON FOR SITUATION ANALYSIS	68
TABLE 4.9	CROSS-CASE COMPARISON FOR SELECTING A STRATEGY	76
TABLE 5.1	CASES IN WHICH KEY RESULT AREAS APPLIED	80
TABLE 5.2	PREDICTOR-OUTCOME-CONSEQUENCES MATRIX FOR THE DECISION TO PLAN	81
TABLE 5.3	PREDICTOR-OUTCOME-CONSEQUENCE MATRIX FOR SELECTING A STRATEGIC DIRECTION	86
TABLE 5.4	STRATEGIC PLANNING MODEL FOR CASE-STUDY PARTICIPANTS: KEY RESULT AREAS COMPARED TO NORMATIVE MODEL	94
FIGURE 1	STRATEGIC PLANNING PROCESS FOR AGRICULTURAL NICHE MARKETERS	95

CHAPTER 1

INTRODUCTION

1.1 Nature of the Problem

The development of Canadian agriculture has been associated with technological change (Karaganis and Furtan, 1990). The trend in the adoption of new technology in agricultural production and management has been termed the "industrialization" of agriculture. Observations consistent with the industrial model of development in the agricultural sector include trends toward mechanization; fewer, larger and more specialized farm units; a shift in usage from farm produced inputs to those produced off the farm; and increasingly complex management systems.

The substitution of capital for labour has contributed to the trend toward mechanization. As relative factor prices change, rational managers attempt to save the more expensive input (through factor substitution). In Western Canada, labour has been considered the more expensive factor of production on a cost per unit of output basis. Improvements in production technology have resulted in the reduction of labour input per unit of output (Stabler and Olfert, 1992). On the output side, inadequate effective demand coupled with increased production has led to chronic over-supply of many agricultural commodities and resultant low product prices. The adjustment to larger farm units was encouraged by the economic realities of lower per unit product prices. Larger farm units were made possible because of improvements in production technology and because of capital substitution. Specialization, the concentration on a single enterprise, is a consequence of increased size and mechanization. Technologically advanced machinery is often suited to a specific purpose, and is most efficiently used in a single enterprise situation.

The tendency toward lower product prices is often found in primary industries such as agriculture, where the business structure approximates that of perfect competition. This structure is typified by a competitive environment in which the individual entrepreneur has little control over final product price and limited market power in negotiating input pur-

chases. Where production is primarily for export, price predictability and stability are reduced, as prices are determined by a variety of domestic and international forces all external to the farm firm. Internal control has been eroded due to greater reliance on external sources for inputs, for operating funds required to purchase off-farm inputs, and for capital expansion purposes.

These trends are linked, and when taken collectively have resulted in what Munton (1985) refers to as the technological treadmill. When farm managers face lower per unit product prices, many attempt to maintain total profit levels by increasing volume (number of units sold) and reducing costs. Traditional means to accomplish these goals include increasing the farm's size in order to achieve economies of scale, or adopting new technology in the hope of lowering unit cost of production. The ongoing requirement to adopt new technology and the increasing purchase of inputs produced off the farm in order to remain competitive in terms of product volume contributes to the reality of being on a technological treadmill. The purchase of income-stimulating inputs such as fertilizers and agricultural chemicals increases the dependency on actors in the external microenvironment such as lenders and chemical companies who finance these input purchases. Farm expansion adds the burden of capital cost for land and equipment. The combination of increasing costs and declining product prices has been termed the "cost-price" squeeze.

The "technological treadmill" describes the consequence of increasing the investment in technology as a coping action to deal with the lower profit margins of the "cost-price" squeeze. Changes in the organizational landscape of the industry reflect the history of these conditions. Adjustment mechanisms have been sought at the macro level with what Headly (1990) notes as a continuing search for agricultural safety nets. There has also been a renewed interest in policies that encourage more value-added production and integrated processing in the agriculture sector at the macro level.

Farm managers' responses to these external factors and to internal factors relating to

farm business and farm family directly have been variously categorized. For example, Bryant and Johnston (1992) developed a conceptual framework to examine the process of farm-level adjustment. In their model, the decision to consider change was based on evaluation of various signals received by the decision-maker. Such signals may originate externally from the farm, such as those relating to the market or the "cost-price" squeeze, or they may be more focused on the internal environment, personal goals and business objectives. Evaluation of these signals could result in a continuance of the status quo or in one of three options involving a farm level change. Taking a position to reinforce existing systems was termed a typical change, and involves doing things that have a performance history and are considered low risk. Increasing farm size, substituting capital for labour, and diversifying are examples of typical changes.

The result of the evaluation of diversification as a strategy in traditional terms has been mixed. The risk-spreading abilities gained may be offset by management and production inefficiencies resulting from operating two or more traditional farm enterprises (Stabler and Olfert, 1992). Increasing size and adopting a more mechanized approach through capital substitution have been more generally applied. A second option is winding down the business and exiting from the industry. A third path is adaptive adjustment. Adaptive changes are subject to more risk as they involve application of new ideas and are considered more entrepreneurial in nature. Furthermore, adaptive adjustments tend to be more specific (site, product, market or resource), and are therefore observed on fewer farms. An example of an adaptive change that has become a typical change has been the adjustment farm families have made to engage in part time off-farm work. Lyons and Kraut (1992) find that part-time farming and off-farm income are now firmly established as part of the structure of Canadian agriculture.

An adaptive change of particular interest in this study is what has been termed a niche marketing strategy. This activity is subject to more risk because it involves the adoption of a new (innovative) idea. Ilbery's (1991) concept of diversification as the adoption of an

innovative activity suggests that adaptive change is an integral part of diversification. Bollman et al. (1992) conclude that if different firms specialize in different activities, then the community will attain macro-diversification via micro-specialization. Diversification may engender off-farm or part-time work by one or a number of the farm family. It can also be concluded that one type of adaptive change involves diversification of the farm by adding an enterprise that is new to the farmer and relatively untried in the collective agricultural community, and may involve specializing in this innovative activity exclusively.

Study of farm-level adaptive change has become increasingly important as conditions evolve in the macro- and micro- environments of the farm firm. As the “cost-price” squeeze persists and macro-environmental policy solutions become increasingly more difficult to enact, farm entrepreneurs look to solutions of their own. Government assistance may continue for macro projects that provide a value added component, but increasingly these are tied to a greater degree of farm level commitment. Niche marketing, on the other hand, is a form of adaptive change which is sometimes initiated at the farm level. Niche markets are characterized by the strategy of producing goods and services tailored to meet the needs of small market segments, and for this reason is generally adopted by smaller companies that do not have the financial and other resources to undertake mass marketing. The traits of the niche marketer are described in more detail in Chapter 3 with respect to the selection criteria utilized in the choice of case study participants.

1.2 Purpose of the Study

This study is based on the premise that it is important to understand how niche marketers manage the process of adaptive change. In order to assist entrepreneurs and those involved in consulting with entrepreneurs in developing niche market enterprises, the aim of this study is to gain a better understanding of the planning strategies of selected agricultural niche marketers. The study will identify critical managerial decision areas (key success indicators) in the planning process of agricultural niche marketers.

This research is based on certain assumptions following from a review of the literature which is developed in detail in Chapter 2. Briefly, the literature refers to limitations of research pertaining to strategic planning in small business in comparison to the abundance of knowledge on planning in large corporations (Shuman and Seeger, 1986). This finding was extended by Harling and Quail (1990) and Harling (1992) to the proposition that to date there is no grand, unified theory of general management, and that models of general management have not been extended to the agricultural sector. Therefore, it is assumed that information gathered pertaining to the strategic planning practices of agricultural niche marketers will assist in bridging the gap between the information used to build existing models which are based on corporate management and variously adapted to small business management and the actual planning practices of agricultural niche marketers.

The specific objectives of this study are:

1. Through literature review, to specify a normative model of the strategic planning process.
2. To outline a conceptual framework for comparing the normative model developed with the actual planning practices of niche marketers. Specifically:
 - a. To identify a set of variables associated with the strategic planning of agricultural niche marketers; and
 - b. To compare the key variables associated with the strategic planning practices of agricultural niche marketers with those of the normative model.
3. To discuss implications of similarities and differences between key variables of the model and actual planning practices discussed above.

1.3 Thesis Outline

The thesis is organized into five chapters. Chapter 1 has provided the background and rationale for the research. Chapter 2 presents the literature review, development of the normative model, and criteria for evaluation. The argument for the selection of the case

study as an appropriate research methodology is developed in Chapter 3. Data analysis is undertaken in Chapter 4, where key strategic planning variables are extracted from the data gathered and comparison is made to the normative model. In the final chapter, results of the analysis are summarized in terms of the similarities and differences between the normative model and actual planning practices of niche marketers.

CHAPTER 2

THEORETICAL CONSIDERATIONS

2.1 Introduction

Niche marketing is a strategy that may be adopted by some farm firms in response to the "cost-price" squeeze discussed in Chapter 1. A niche marketing strategy is an adaptive change and is a higher risk strategy than increasing farm size, or adding a traditional enterprise, which were referred to previously as examples of typical change. It has also taken on greater importance as conditions change in the farm firm's macro and micro environments. A greater appreciation for the need to respond to these changes has developed. However, the planning process of managers involved in agricultural niche marketing has not been widely studied. Models of the strategic planning process have been adapted to small business from large corporate planning models or, in the case of agriculture, from functional farm management models. As noted by Harling (1992), the general management approach has not been widely applied to agricultural management nor to agricultural niche marketers. In order to achieve wider application of the general management model, descriptions of the planning practices of agricultural niche marketers must be included in the information data base.

The purpose of this study is to examine strategic planning practices of agricultural niche marketers, and to compare and contrast these findings with a normative model (i.e., an ideal) of the strategic planning process. The purpose of this chapter is to synthesize a normative model of the strategic planning process from the relevant planning literature and develop the criteria for evaluation.

2.2 The Management Environment: Agriculture and General Management

The theory of farm management developed separately from the theory and application of business management. Harling and Quail (1990) were among the first researchers to explore the idea of applying the tools of general management, and strategy in particular,

to farm management. Until then, specialists in farm management had not drawn on the developments in general management is found in the business literature. The primary criticism according to Harling and Quail (1990) was a failure of farm management texts to deal with the integrative thinking needed to take a strategic approach to management. This view is considered further in Section 2.3.

Traditional approaches to modelling the management decision- making process in both farm and business management have been largely descriptive, with emphasis on the various individual functions of management such as record keeping or managing production (see Kay, 1986; Harling, 1992). General management models were also functionally aligned: that is, they tended to be descriptions of functional areas and oriented to tactical (short- run) decision situations. The move of management research toward separating these areas led to greater delineation of the field of strategic management.

2.3 Strategic Planning: Development of the Conceptual Model

2.3.1 Theory of Strategic Planning

Shuman and Seeger (1986, p.11) define strategic management as "...the process of examining both present and future environments, formulating the organization's objectives, and making, implementing, and controlling decisions focused on achieving these objectives in the present and future environments." Strategy, according to Harling and Quail (1990, p.427), "is the central focus of the general manager. "Where strategy is the "keystone" to general management, strategic planning provides the central focus for all other unit planning.

The strategic approach to business planning evolved from decision-making theory. These developments can be discussed with reference to the history of decision-making models and their application. Gilmore (1971) points out that prior to the middle 1950's, the major task of the chief executive (the general manager as specified by Harling, 1992) was adapting the company to changing conditions. The problems dealt with were gener-

ally tactical (unpredictable environmental fluctuations which required action), and were solved technically. The decision-making process used for the determination of objectives presupposed a size-up of the situation of the company as a whole. The term "size-up" as used in the literature represents a situation analysis by department, strategic business unit or functional area. This size-up was a lengthy process and usually consisted of a review of existing resources, a statement of strengths and weaknesses, and an assessment of resource flexibility. It was based on a centralized model of the company within which departments (which were often organized along functional lines) conducted individual size-ups and submitted conclusions to general management. General management received reports from functional areas such as production, marketing, finance and operations, which were then combined in an attempt to arrive at an overall problem diagnosis. Problem solving generally followed the scientific method. Briefly, the process began with problem definition, followed by an exhaustive search for alternative solutions and the selection of the single best alternative under the circumstances.

Gilmore's description of the process closely follows what Etzioni (Faludi, 1987) refers to as the rationalistic approach, a model which was introduced into the planning literature by Meyerson and Banfield (1955). Rationalistic models have been widely held as both descriptive and normative conceptions of decision-making. Once the problem has been diagnosed, alternative means of solving the problem (meeting this goal) are identified and evaluated, and a choice is made among various options according to an estimate of the expected value (usually based on a financial measure of performance) of the outcome of each.

Sizing-up can be a painstaking task for each department, and may be beyond the capacity of general management to conduct. Furthermore, the lengthy process tended not to produce results in a manner suitable for the solution to time-sensitive problems. The data-gathering and analysis tasks were especially problematic for small firms, whose limited resources often precluded the use of sophisticated analytical tools. Given the daunting nature of formulating and operationalizing a plan, general management tended

to adopt a strategy and then drift along until serious problems made it necessary to size up the situation again and make a commitment to a new plan. Thus, the process was flawed because it failed to connect tactical changes with required strategic adaptations.

During the 1950's it became increasingly clear that a new approach to planning was required (Gilmore, 1971); firms began to see the need to shift plans strategically to take advantage of long-term opportunities. Sizing-up the situation was subsequently replaced by a method of reappraising existing strategy in the light of changing environmental conditions. The major difference was a managerial focus on marginal or incremental decisions. According to the incrementalist approach advanced by Lindblom (1959), general management considers only strategies that differ incrementally from existing strategies. The general manager does not start from the beginning each planning period. Pre-decisions are made regarding the number of alternatives that will be considered and the extent of analysis to be undertaken. The incrementalist approach addressed the problem of developing strategy in a timely manner, but did not adequately reflect the need to tie these incremental decisions to fundamental decisions taken as part of establishing the overall company plan.

At this time, Drucker (1954) advised management to focus more attention on opportunities than on problem solving. As a result, greater emphasis was placed on the selection and analysis of management options outside the traditional operations of the firm. This developed a greater interest in strategic planning, the aim of which is to scan the environment for new business opportunities while maintaining a focus on current performance.

Managing change became an integral part of the strategic planning activity. It was recognized that there were two functions of the strategic planning process: first, the occasional requirement for a firm to answer the questions "Where are we?" and "Where are we going?" and second, the more frequent need to monitor progress by addressing the question "Are we making satisfactory progress with respect to the plan?" From this recognition, a new entrepreneurial concept of strategic planning emerged.

Etzioni (1973) discussed this conceptual change and described it as the mixed-scanning approach. When a problem or opportunity is defined, a general assessment of the situation is undertaken similar to the early steps of the rationalist model. However, detailed analysis is undertaken on only a small number of options. General managers' selection criteria are based on an evaluation of the alternatives' compatibility with the company mission and related personal goals. Porter (1980) referred to the separation of developing an overall "game plan" with the monitoring of the success of individual strategies. Defining the company mission and general objectives as corporate strategy, competitive strategy is used to suggest a means to monitor the progress toward objectives and, more importantly for Drucker, to answer the question "Are our plans still valid?" With a constantly updated strategic plan, strategy formulation becomes process rather than product oriented. A modern definition of strategic planning has drawn from this conceptual framework.

Building from these ideas, Baetz and Beamish (1993, p.3, from Hofer 1986) suggest that strategic management includes the study of:

"the organizational systems and processes used to establish overall organizational goals and objectives and to formulate, implement, and control the strategies and policies necessary to achieve these goals and objectives."

The movement toward a long-term orientation and to strategic planning was a significant step. Response in practice has been to develop a three to five year planning horizon in the construction of business plans.

Significant also is the notion of an overall systems approach to planning, which Harling (1992) refers to as general management. The systems approach that "the whole is greater than the sum of the parts" stresses the requirement for a general manager to acknowledge corporate planning in a system that includes departmental and product business-strategy development.

Strategic thinking is viewed as systems oriented, decision oriented, long-term goal oriented, and is now considered a major force for the integration of the various functions into a comprehensive set of company objectives. Strategic management is part of a package of organizational objectives, strategy formulation and action plans designed to achieve these objectives.

The idea that conditions in the firm's macro and micro environments can change over the proposed planning horizon prompted the development of a contingency approach to strategic management (see Hofer, 1975; Anderson and Zeithmal, 1984; Fry and Smith, 1987; Harling and Quail, 1990). Contingency implies a "fit" between strategy and the environment, and therefore requires a strategic response to changes in the firm's environment. These changes may be externally generated, such as a shift in economic or trade conditions, or they may be manifestations of internal developments such as family-oriented considerations in the context of a small business. Harling (1992) suggests that there is no consistent definition of "fit" in spite of the considerable research in the area, and so defines "fit" as the condition that exists between two variables. A fit is created when managers consider the linkages between the various micro- and macro- environmental variables and the strategic planning process itself. For example, a fit may occur between strategy and the situation (studied by Anderson and Zeithmal, 1984), between strategy and the organizational structure (studied by Chandler, 1962), and between strategy and managerial characteristics (Gupta and Govindarajan, 1984). Contingency, as defined here, is evidenced by management's action in response to a change in one or more environmental variables that influences the fit between a firm's strategy and its environment. Contingency strategies that are implemented with limited reference to an overall guiding strategy (defined by the fundamental decisions undertaken by general management) have been described By Faludi (1973) as incrementalist strategies. Contingency strategies that are grounded; that is, where business managers make incremental decisions of a contingent nature with reference (grounding) to the fundamental decisions

of the overall strategic plan, and where managers adapt the strategic plan to maintain a fit between corporate strategy and the changing business environment, can be described as comprehensive planning strategies. These comprehensive strategic planning strategies were discussed earlier as the mixed-scanning approach (Etzioni, 1973). Etzioni refers to the concept as the process of making incremental decisions within the contexts set by fundamental (strategic) decisions.

In a normative context, general management must develop contingency strategies to maintain congruency between goals and action plans in the face of changing environmental conditions. A strategic plan that is treated as a product; that is, as a goal to be attained, is at risk of losing its relevance as environmental conditions change. Contingency strategies are developed from a philosophy that treats strategic planning as a process rather than a product, and this provides a focus by which congruency between long-term goals and short-term tactical maneuvers is addressed.

Strategic planning, as a practical tool of small business managers, has evolved in both concept and application to be different from the process described for large corporations. Ibrahim (1992) notes that there are many sophisticated concepts of strategy formulation offered in the literature, the majority of which hold little promise for small business. For example, Wright (1990) found that planning strategies such as Force Field Analysis, The Delphi Technique, and Decision Trees were not used or considered appropriate by managers of small businesses, largely because the models were not well understood by managers, and in their opinion the cost of learning these methodologies outweighed the benefits of their use.

Researchers such as Ibrahim explored the concept of strategy within the context of a small business model. A number of the approaches in the literature including those developed by Ibrahim (1992), Harling (1992), and Anderson and Zeithmal (1984) are based on Hofer's earlier work in management planning (Hofer 1975; Shendel 1978). A significant contribution of Hofer's work was the development of the conceptual base for

the contingency approach to theories of business and corporate management. Hofer (1975) contributed to the development of theories of corporate and business strategy by constructing contingency theories of strategic management from which general propositions could be developed. Hofer (1975) also proposed that a fundamental determinant of the appropriate business strategy is the stage of the product life cycle, and that business strategy should vary over the cycle. His analysis followed that of Levitt (1965) who introduced the idea that the stage in the product life cycle must be carefully considered in strategic decision making, proposing that as the product moves through the cycle and faces more competition, the entrepreneur must change the focus of the strategic plan from informative promotion to more company specific (brand preference) promotion. Gilmore (1971) is also credited with much founding work in strategic management and application to small business by proposing a simple, practical method that can be employed by executives of small companies. The process of strategy formulation may be viewed as a form of reflective thinking, where one progresses step by step from problem recognition to solution. This procedure provides a framework for the decision maker to progress stepwise from problem/opportunity recognition to a solution. Steps include developing and evaluating alternatives, taking action, and assessing results. This stepwise procedure has been tested and adapted over time, and is the basis for the normative model developed for this thesis.

Following from Hofer's (1975) work concerning planning over the product life cycle and Gilmore's (1971) contribution of imposing a structure to the planning process, subsequent research determined that an initial business plan needs to address the key issues relevant to the firm with respect to the current stage of the product life cycle, and should include provision for adjusting the plan over the life of the product. Furthermore, strategic business plans may be required for individual products as well as the business in general, thus implying a corporate strategy and subordinate product related business strategies. Chaganti (1987) develops this connection with respect to small firms, finding

for example that growth-stage industries may be more attractive to small independent firms because the shorter learning curve presents an opportunity for the small firm to build a competitive advantage.

Gilmore (1971), working from Drucker's approach, stresses the need to reappraise strategy from time to time to determine if satisfactory progress has been made with respect to "the plan." This implies an initial plan, setting out corporate goals and a means to answer the question "Is the plan still valid?" Continual reassessment examines the "fit" between the firm's strategic plan and the environment, with a contingency plan to provide a means with which the necessary adjustment can be undertaken.

Consideration of external and internal environmental factors is consistent between small and large businesses only in the fact that both types of firms periodically evaluate environmental changes. Large corporate businesses utilize their resources to build sophisticated planning models that are not used by small independent business. However, an area of greater difference between small and large business and their strategic planning processes, according to Ibrahim (1992), is that small business managers are influenced heavily by their personal wants. Ibrahim describes this as a filter composed of the personality, values and goals of the owner/manager. There is concurrence on this point among other researchers. To illustrate, Harling and Quail (1990) represent managerial preferences as the human side of the business operating on the factors of production of land, labour, capital and entrepreneurial ability. Managerial preferences in this model also impact the higher level functions of the manager, especially those of analyzing the relationships among elements and building consistency of fit among the elements. Shuman and Seeger (1986) build both personal and company objectives into their model. Loree and Bashford (1992) present personal and business goals in an integrated package as a dynamic factor that directly influences operational strategy. The influence of personal goals and objectives on company objectives within the strategic planning process of small independent businesses is shown in these studies. This relationship has become an inte-

gral part of the normative model developed for comparative purposes.

Shuman and Seeger (1986) view time as an additional restricting resource. This resource is of greater allocative significance to small business because of the restrictions placed on management's ability to complete each step of the strategic planning process as thoroughly as may be possible for the large corporation. Shuman and Seeger (1986) maintain that even the decision to plan is an important decision variable for smaller companies. Owner/managers may be required to allocate scarce management resources to decisions of an immediate (tactical) nature rather than to long term strategic planning.

2.3.2 Strategic Planning: Empirical Findings

Descriptive and normative models of small business strategic planning have been subjected to a variety of empirical analyses. These models have been constructed on a theoretical base, developed from the analysis and modeling of strategic planning in large corporations. Research subsequently has focused on adapting this theory to small business.

Although research on small business has not been attempted with the vigour applied to the study of large business (see Ibrahim 1992; Shuman and Seeger 1986; Sexton and Van Auken 1982; Wright 1991, Ibrahim and Goodwin 1986), models have been adapted to small business based on earlier descriptive modelling of large corporate planning and normative theoretical work concerning guidelines for small business (see Gilmore 1971; Hofer, 1975; and Shendel, 1978). Even so, there is a gap, as Ibrahim (1992) suggests, between the applicability of much of the planning theory developed for large corporations to the circumstances of independent owner/operated small business. A narrower array of distinctive competencies, a more direct influence of personal wants, and a lower level of resource availability are three factors that limit the applicability of planning theory developed for large corporations, and hence contribute to the gap cited above.

Harling (1992) cites in the case of agriculture a discrepancy of a different nature. Strategic-planning theory and techniques developed for general business have been applied to a

greater extent in small business than in farm management. Harling and Quail (1990) build a case for greater application of business principles in agricultural strategic management.

Harling and Quail (1990) found that successful farm managers thought about their business as if they were general managers; they took an integrated approach to management. For example, they saw more clearly the full dimensions of the decision and the context within which it is made. Also, most managers planned informally, which resulted in a lack of direct evidence of strategic planning. Indication of strategic planning was assessed indirectly by determining the importance managers attached to goal setting, and their commitment to monitor strategies to achieve established goals. Carlson (1988) also found that farm operators viewed management functions as important to the successful operation of a business, but that issues of long-range planning were viewed as problematic for most farmers, particularly for older ones. These problems were based on the finding that good financial records are required for long-range planning, and that many managers possessed neither ability nor desire to develop this aspect of their business.

Shuman and Seeger (1986), in testing their normative model with rapid-growth companies, found that businesses that had committed to strategic planning and had completed a business plan prior to start-up were more likely to complete the key areas of the strategic planning process. In their study, only half of the two hundred and twenty companies contacted had formal business plans, although most planned informally (not using outside paid management services or committing plans to a written formal arrangement, but demonstrating knowledge of the planning process and the ability to verbalize long term objectives and strategies).

Despite its importance theoretically, this research was unable to link strategic planning to performance. Sexton and Van Auken (1982) report that strategic planning was carried out by only a small number of their sample of independently-owned businesses in Texas, but determined that a sizable proportion of those sampled were on the verge of articulating strategic plans. Gable and Topols' (1987) work on small-scale retailers yielded similar results. Rice and Hamilton (1979) found little evidence of formal planning in their study of

small business, although in subsequent research, Rice (1983) found that many business owners did plan strategically but did not have formal, written strategic plans. Rice reported that business owners in the study justified decisions on the basis of perceived long-term goals and objectives, and argued that this constitutes strategic planning even though it is conducted in an informal, fragmented and heuristic manner. Other studies indicate that the use of business plans by Canadian entrepreneurs is increasing. Balderson (1994) cites a recent study (Rumball, 1989) of 100 successful Canadian small business owners that found that 53% of those surveyed utilized full-scale business plans, 98% of which were written down. Wright (1991), investigating the acceptability of qualitative planning techniques to owner/managers of small businesses, found that managers utilized intuition and insight as planning tools in conjunction with or instead of formal planning.

The management model presented in the next section reflects many of these factors: in particular, personal goals of the manager are considered explicitly.

2.4 A Normative Model of Small Business Strategic Behaviour.

The literature contains a number of variations on the theme of strategic planning. As this thesis draws on the theoretical contributions of each model, the relevant, specific attributes that make each unique are summarized in Table 2.1.

Shuman and Seeger (1986) discuss the importance of the integration of personal and business objectives in the decision to plan as one of the important differences between the planning process of small business entrepreneurs and that of their counterparts in corporate planning. Harling and Quail (1990), Harling (1992) and Loree (1992) focus on the aspects of melding small business management theory with that of farm management, specifically with respect to developing a normative general management model for farm management along the lines of models under development for small business. A key area of planning recognized by Ibrahim (1992) was the critical step in strategic planning that required assimilating all of the information gathered to that point and using it to

TABLE 2.1
STRATEGIC PLANNING MODELS: DISTINCTIVE ATTRIBUTES

TYPE OF RESEARCH	RESEARCHERS	FOCUS
General management Business strategy Descriptive	Harling and Quail (1990) Harling (1992)	Contingency approach, General Management Model applied to Agric.
Small Business Strategic Mgmt. Normative	Ibrahim and Goodwin (1986) Ibrahim (1992)	Selecting a Strategic Direction
Corporate to Small Business Planning, Normative	Shuman and Seeger (1986)	Personal Objectives Decision to Plan
Farm Management Normative	Harling (1992) Lorec (1992)	Meld Small Bus. Mgmt. with Farm Mgmt. Strategic Planning

focus on one long-term (strategic) direction. This study focused research on small business planning onto the strategic aspects of planning and developed the normative aspect of strategic planning (i.e., there is a process to planning and that there are key steps within the process).

The strengths of these models have been synthesised into the normative model of small business strategic planning presented below. Theoretical support for the model was provided in the literature review and will be supplemented where required. The model of the strategic planning process can be discussed with reference to seven steps, the key areas of which are summarized in Table 2.2.

2.4.1 The Decision to Plan: Setting objectives.

Allocating scarce resources to the various tasks of managing and operating a small business is a key decision area (Shuman and Seeger, 1986; Harling and Quail 1990). The decision to plan is dependent on a positive outlook on the planning exercise which is itself based on past success, expected future benefits and having the time required to complete the strategic planning process. Setting personal goals and objectives is impor-

TABLE 2.2
KEY RESULT AREAS OF THE STRATEGIC PLANNING PROCESS

KEY RESULT AREA	DESCRIPTION
1. Decision to Plan	Allocate scarce time resources based on subjective estimate of expected future benefits. Past success and personal goals are significant factors
2. Organizational Mission	Long term company goals related to personal goals. Used as basis to develop criteria for evaluating opportunities.
3. Company Objectives	Operationalizes mission; specific performance measures such as profit and return on investment.
4. Situation Analysis	(S.W.O.T) Environmental scanning limited by resources; internal assessment of company in harmony with personal goals.
5. Strategic Direction	Information from steps 1 through 4 evaluated - intuitive basis most common internal consistency, external "fit" feasible. Issues specified, limited scanning Options generated, predecision behaviour Strategy selection, intuitive methods
6. Implementation	Informal, written policies not common
7. Control	Selected monitoring mechanisms based on knowledge of control systems and availability of outside resources.

tant to this stage, because personal needs and motivations combine with the needs of other family members to influence the owner/manager's attitude to risk. Some personal goals and objectives may be quantified, such as a desire to reach a certain profit level, or they may be expressed as qualitative statements, such as a desire for personal and financial freedom. The literature reviewed above affirmed the interaction between personal goals and objectives and company objectives as a key difference between small company strategic planning and corporate management practices.

2.4.2 Organizational Mission

Drucker (1975) states that key questions for small business are “What business are we in?” and “What business do we wish to be in?” The answers to these present and future-oriented questions are necessary before objectives can be set. They collectively constitute the organizational mission. Researchers have asked questions relating to the level of understanding and commitment to organizational mission and the influence of personal goals and motivations on the process of developing an organizational mission philosophy. Gilmore (1971) notes that it is important at this stage to establish the criteria by which opportunities will be evaluated as they arise. Abell and Hammond (1979) agree that the company mission is important, because it provides the guidelines to maintain a focus of customer identity and product definition. Finally, Moyer (1982) maintains that since this step requires creativity rather than resources, it is manageable by small firms.

2.4.3. Company Objectives

Company objectives operationalize the firm’s mission statement. Objectives should be specific (Sommers et al., 1992) and quantifiable where possible (Ibrahim, 1992). Moreover, they should make reference to financial and functional performance measures (Moyer, 1982). A planning time horizon is also suggested at this stage. Entrepreneurs may choose quantifiable and measurable objectives, such as profit or market share targets. However, objectives may also be qualitative, concrete and future oriented, like building long-term security or providing a legacy for families. What is most important at this stage is for entrepreneurs to have a clear idea of what they want to achieve. When that is determined, strategies may be evaluated and chosen that will lead to the accomplishment of these objectives.

2.4.4. Situation Analysis

During a situation audit, the manager scrutinizes the firm’s internal structure and external environment to define the company’s strengths and weaknesses, and to verify its

current direction. The manager takes stock with a view to determine the company's capability to carry out the mission (Ibrahim, 1992). The internal environment consists of the quantity and quality of resources available to the firm resources, including physical financial and human resources (owner/manager, family and other staff).

According to Moyer (1982), small business planning differs from corporate planning in this step because small business managers typically lack the personnel and financial resources to complete a thorough environmental scan. Much of the research to date that has examined the company within its environment has focused on large corporate firms. This, as postulated earlier, appears to have had little carry-over to small business applications. Research that considered the environment in relation to other elements of the strategic planning process include Anderson and Zeithmal's (1984) investigation, which concluded that the product life cycle is a major determinant of business strategy. Specifically, it is important to tailor the strategy chosen to the stage of the product life cycle and be prepared to modify the strategy as the product moves into the next life cycle stage.

2.4.5 Selection of the Strategic Direction

Having identified and integrated personal and company objectives into a company mission, assessed the company's capabilities, and scanned the environment to identify opportunities and problems, the owner/manager must identify various strategies and select the best available strategic direction. Ibrahim (1992), discussing Rumelt's (1979) work, identifies three criteria that managers may use to select an appropriate strategy. First, the strategy must be internally consistent; that is, the strategy must coincide with personal and company objectives and resources. Second, the selected strategy must provide a fit between the company and its environment. This is also stressed by Harling (1992) and Harling and Quail (1990) in their discussion regarding the fit between the company strategy and the environmental situation, and the subsequent requirement for the company to develop contingency plans in conjunction with selection of the single

most suited strategic plan. Third, the strategy must be feasible: the company must be able to access sufficient resources to carry out the strategy.

With the three criteria as a guide, the process of business strategy evaluation is conducted following a three-step process. The first step in selecting a strategic direction is issue specification. This phase involves the delineation of the problem or opportunity. This is accomplished through a synthesis of company and personal objectives conducted in the light of a current situation analysis and the identification of key strategic issues. A statement of objectives and the situation analysis having been completed earlier, the specification of key issues allows the manager to examine a possible business opportunity within a framework of goals and available resources. For example, a niche marketing strategy may be adopted in a case where the company has determined that market independence is a personal and business objective, and that available resources would be sufficient to support a single product and concentrated marketing effort, and may not be sufficient to allow a line extension or diversification strategy. An example of the type of issue specification undertaken at this stage that may later lead to niche market selection would be the manager's evaluation of his/her attitude to financial risk, and the issue of increasing profit through conventional expansionary strategies utilizing increased credit or expansion through equity financing. The manager's attitude to risk may also be evaluated in terms of attitude to entrepreneurship (willingness to risk new ventures and be innovative).

The second step in selecting a strategic direction is option generation. This phase may involve brainstorming in order to lay out as many options as possible to capitalize on the opportunity or to solve a problem. Research finds that small businesses tend to spend less time and financial resources in this area, often making option-limiting predecisions based on limited analysis and intuition rather than undertaking exhaustive data collection for use with sophisticated analytical planning models (see, Gilmore, 1971; Linneman and Kennel, 1977; Rice, 1983; Van Kirk and Noonan, 1982; Harling, 1992). Also, research

supports the proposition that planning has been less formal or systematic in small business, and that qualitative techniques often replace quantitative tools (see, Sexton and Van Auken, 1982; Wright and Geroy, 1990; Uni, 1981; Robinson and Pearce, 1984).

The third step in selecting a strategic direction involves selecting an option from those generated through the brainstorming process. Selection normally involves concentrating on one primary strategy (Shuman and Seeger, 1986; Gilmore, 1971). The strategy selected may be adapted over time to maintain a fit between the company's objectives and the external environment. These strategic adaptations may be discrete; that is, each may stand alone as a response for example to a change in government regulations within the industry, or they may be more or less continuous, reflecting a steady transition (Gupta and Govindarajan, 1984).

Several models have been developed to assist managers in the selection of strategic planning strategies. The Boston Consulting Group (Day, 1986), for example, identified a strategic planning matrix based on an assessment of the number and size of the competitive advantages. Selection of opportunities is based on the characteristics of the type of strategic situation. For example, a niche marketing strategy is appropriate where an opportunity exists in a fragmented industry where there may be many competitive advantages but each one is limited in scope. Porter's (as cited in Sommers et al., 1989) generic-strategies model assists the firm to build and to defend a competitive advantage through cost leadership (taking advantage of economies of scale), technological development (product differentiation), or product superiority. A focus strategy is a generic one that advocates concentration on a small specialty (niche) market where competitive advantages translate into premium prices. Miles and Snow (1987) extend the concept of a focus strategy to what they term an analyzer strategy, which involves developing a niche and defending it while scanning the environment for new opportunities. The concept of a niche in this case is consistent with that discussed above as presented by Shami and Chalasani (1992). Ibrahim (1992) presents a strategic alternative matrix that allows the firm to position itself strategically. According

to Ibrahim's model, a niche should be exploited when it is profitable, distinctive and matches the company's resources and objectives. The matrix also recognizes the potential to build a competitive advantage where an attractive opportunity does not match current resources, or has not been identified as an important company objective by providing lead time for the company to assess additional resource requirements. Environmental scanning should continue where an opportunity matches company resources but does not appear to provide superior profitability.

2.4.6 Implementation

Operationalizing the strategic plan involves selecting appropriate tactics, constituting specific and detailed policies and procedures. Implementation involves performance of the strategic plan through commitment of the company's resources to accomplish its mission. Tactics are operational in nature, and include yearly production, marketing and distribution plans, pricing policies and procedures, and budgets.

2.4.7 Control

Monitoring mechanisms must also be designed and implemented. Budgets including cash flow, proforma income statements and balance sheets should be designed so that periodic checks are built into the system. This allows management to undertake necessary corrective action or to invoke contingency plans as required.

2.5 Conclusion

This chapter has reviewed the relevant planning literature and from this a normative model of the strategic planning process was synthesized. The theory of strategic planning was viewed in a historical context, a chronology of the important developments in the conceptual model being marked by a discussion of the researchers and their contributions. The normative model is based on the models of small business management that were adapted from theories of corporate planning. The model consists of seven steps, step

five being the most significant for this study. Steps one through four (the decision to plan, developing an organizational mission and company objectives and assessing the situation) lead to the selection of a strategic direction (step five). As this is the focus of the research, the final two steps, those of implementation and control, are dealt with in a more cursory manner.

This study is concerned with two propositions that are based on the model and which frame the construction of the case study enquiry. The first proposition is that agricultural niche marketers engage in the long-term planning process described in this thesis as strategic planning, and the second proposition is that agricultural niche marketers follow the strategic planning process of other small business as presented in the normative model of Section 2.3.3. An addendum to the second proposition that may be considered is that agricultural niche marketers plan contingently. That is, they make tactical decisions that are within the context of the overall strategic direction and continually reassess their strategic direction in light of the changing environment (they exhibit adaptive behaviour).

Key result areas are the statements that describe the action of managers in each of the seven steps of the normative model. These key result areas are derived from the propositions and are used as a framework in Chapter 4 for comparing the normative model with the actual planning practices of the agricultural niche marketers in the study. The key result areas are summaries of those aspects of the each step in the strategic planning process that were found in the literature to be the most relevant for decision making. Therefore the description of the key result areas was important in developing the operational aspects of the model. The description of the key result areas discussed in this chapter are summarized in Table 2.2.

CHAPTER 3

RESEARCH DESIGN

3.1 Introduction

The normative model of the strategic planning process described in Chapter 2 was developed following a review of the planning literature pertaining to small business and farm management. Models of small business strategic planning have been adapted from those developed from the study of large corporate business. Recent research has been undertaken to build models in agricultural management based on the general business model (Harling, 1992). Research has also increasingly focused on the strategic planning activities of small business. However, a model of the strategic planning process of agricultural niche marketers based on the general business model has not yet been addressed explicitly in the literature. Therefore, information is required to determine the characteristics of the strategic planning process of agricultural niche marketers in order to compare key decision areas to those highlighted in the synthesised normative model.

The purpose of this chapter is to briefly review social science research methodologies, to discuss the reasons for selecting the case study method, to argue the theoretical and methodological implications of this choice, and to outline the research design that was chosen as a result of this analysis.

3.2 Special considerations of the Research Problem

Niche marketing has been referred to as a survival strategy, which by definition is non-traditional. That is, niche marketers seek out opportunities that will, in the face of rising per unit costs and stable or falling product prices, maintain profit levels without resorting to the adoption of traditional methods such as increasing farm size, adopting new cost-saving technology, and/or increasing the purchase of costly inputs (referred to as the technological treadmill by Munton, (1985).

Under the conceptual framework developed by Bryant and Johnston (1992), the

decision to adopt a niche marketing strategy would be considered an adaptive change. This strategy is characterized by a tendency to be specific as to site, product or market, and to be practised on fewer farms than would traditional strategies. The predisposition for each niche marketer to be somewhat unique constitutes an *a priori* argument for a research methodology that can cope with a technically distinctive situation. Yin (1994) develops the argument that it is precisely in these situations that the case study as a research strategy can yield the greatest benefit. The case study strategy comprising an all-encompassing method benefits from the prior development of theoretical propositions which, for this thesis, were developed in Chapter 2. Multiple sources of evidence were apparent at the outset of data collection, and constituted strong *a priori* reasons for choosing a research methodology that was not restricted in the types of data (as dictated by the tenants of sampling procedure), or the method of analysis. For example, the survey method is limited by the length of the questionnaire and the type of question that may be asked, conditions that do not limit this inquiry by virtue of the open-ended style of the case study method. Using the case study method, the researcher may develop a survey as part of the data gathering procedure and may also gather data from several other sources. Multiple sources of data also contribute to the effort to achieve convergence of data.

The character of the research problem and the properties of the data contribute to the design of the research study and selection of research methodology. Therefore, a review of possible research approaches is presented as an introduction to the requirements of the research study.

3.3 Research Methodologies

Five major research methodologies may be considered in social science research: experiments, surveys, histories, archival analysis and case studies (Yin, 1981). Any of these five may be used in exploratory, descriptive or explanatory research situations. The case study method is as relevant as the survey method for descriptive studies, and as

appropriate as the experimental method in the development of causal explanations. This statement is based on the logic that using the case study method, the researcher can explore the operational links among variables traced over time rather than simply the frequency on an event.

Yin (1994) distinguishes among the five methodologies as relevant research strategies by focusing on the importance of each of three conditions: the type of research question posed, the extent of control that an investigator has over actual events, and the degree of focus on contemporary events.

TABLE 3.1
RESEARCH STRATEGIES FOR DIFFERENT SITUATIONS

Strategy	Form of Research Question	Requires control over events	Contemporary Focus
Experiment	how, why	yes	yes
Survey	how many, how much who, what, where	no	yes
Archival	as for survey	no	yes/no
History	how, why	no	no
Case Study	how, why	no	yes

Source: Yin (1994, p.6)

Considering question type, a common format for categorizing research questions is “who,” “what,” “where,” “how,” and “why.” Table 3.1 indicates that the case study, along with experiment and history methods, is best suited to answer “how” and “why” questions because these questions deal with operational links that are traced over time rather than simply counting the number of occurrences of an event. The objectives of this thesis are to determine how the key variables of a specified normative model of the strategic

planning process are related to the actual planning practices of agricultural niche marketers (that is, to test the applicability of the normative model), and to explore some of the potential causal relationships that might support these findings.

Surveys and archival analysis may be chosen when “what,” “who” and “where” questions are the primary focus, because answers to these questions often require counting of some description as in “how many” or “how much.” This thesis builds on the previous research that asked such questions and used the results in the development of the various strategic planning models cited in Chapter 2. For example Carlson (1988) asked “how many” farmers kept records for enterprise analysis (who did keep records and who did not), and Harling and Quail (1990) asked farmers “what” were the most important considerations for success.

Case studies, unlike experiments, do not require control over behavioral events and, unlike histories, focus on contemporary events or on the linkages between contemporary and historical events. Yin (1992) points out that the methodologies are not mutually exclusive, but that the case study is most useful when questions are being asked about contemporary events over which the researcher has little or no control. Histories do not focus on contemporary events and, although experiments may focus on contemporary events, by nature and definition they require control over behaviour as a means of isolating causal relationships between the dependent and independent variables. This thesis examines the strategic planning process in a contemporary context in which the influence of the decision maker (an internally defined variable), and external environmental effects are considered holistically and not in isolation from the context of the decision.

The case study method is used when the researcher wishes to include context in the study of the phenomenon, and because phenomenon (such as the decision to adopt a niche marketing strategy) and context (e.g. the personal and business goals of the entrepreneur) are often hard to distinguish in real-life situations. In these instances, the case study method of enquiry is selected for its ability to cope with a distinctive situation in which there will be many variables of interest (elements of the strategic planning process) available to the

researcher with few data points (case studies containing each element of the planning process from single source types). For example, there are several aspects of writing a business plan that might indicate strategic planning has taken place; however, each niche marketer may not provide a formal or even an informal business plan, but may indicate other evidence of strategic planning behaviour. The result is a design that accesses multiple data sources and relies on the prior development of theoretical propositions to guide data analysis. This last point clearly distinguishes the case study method from the type of "qualitative research" that follows the ethnographic method which involves long periods of observation (Marshall, 1988), and attempts to avoid *a priori* commitment to any theoretical model. The ethnographic form may be regarded as a variation within the case study method, and is used as a means to develop propositions for testing.

The above summary has pointed in general terms to the adaptability of the case study method and its potential applicability to this study. Before developing this argument further, a more complete discussion of the case study as a research methodology is undertaken.

3.4 The Case Study as a Research Method

3.4.1 Research Case Study Definition and Characteristics

Lombard (1968, p 246) suggests that:

The research case has two parts, often but not always editorially separate. The first is descriptive of the total observed situation or some carefully specified aspect of the total situation... The second is simply analytical and diagnostic of the forces operating in the situation.

Lombard also notes that the focus of a research case is on the forces at work in the present. The historical linkages that form the connection between the decision to adopt a niche marketing strategy and the actual observed current situation is the prime concern of the data analysis portion of the thesis, and again speaks to the relevance of the case study method of analysis.

Yin (1981, 1994) elaborates on this concept by defining a case study as an empirical investigation that considers a contemporary phenomenon within its real-life context, when the boundaries between the phenomenon and the context are not clearly evident. This definition further distinguishes the case study from other research methods. Experimental methods control the context (external micro and macro environment), while surveys investigate the context, but to an extent limited by the number of variables to be analyzed. As discussed above, in using the survey method the researcher is limited by the number of questions that can be asked, which is not a limitation of the case study.

Another advantage of the case study method is that it may utilize both quantitative and qualitative data. Multiple data sources are accessed in order to achieve convergence of data. The researcher draws on six sources for evidence: documents (proposals, business plans, reports), archival records (budgets, calendars), interviews (open-ended, focused), direct observation, participant-observation, and physical artifacts.

3.4.2 Research Applications

There are at least five different applications for case studies in evaluative research (Yin 1984), two of which are relevant in this study. The first is to describe the real-life context in which an intervention (circumstances, either externally or internally generated, that led to the occurrence of the phenomenon being observed) had occurred. The field work portion of this thesis collected data concerning the characteristics of the strategic planning process of niche marketers at the time of adaptive change (adoption of a niche marketing strategy).

A second application is the development of an illustrative case study. This study chronicles the strategic planning process of the agricultural niche marketer from the time of making the decision to adopt the new strategy through subsequent production cycles, highlighting key decision areas of the planning process throughout the period of adaptive change. The decision to adopt a niche marketing strategy (the phenomenon) is bound

closely to context in that key changes in the internal and external environment of the firm (e.g. the market place, or institutional influences) coincide with key decisions that collectively engender the changed strategic direction. Where the decision to adopt a niche strategy occurs at relatively the same time as an environmental change, the question of causality becomes fundamentally a contextual one.

Walton (1972) further suggests that one of the potential advantages of the case study over other research methodologies is that, in an environment of adaptive change, the role of personal styles of the decision maker can be taken into account. Because the case study can explicitly include descriptive material about the people who were central to the change process, the role of the decision maker can be better appreciated. The analysis of the case studies presented in this thesis will include a discussion of the role of the decision maker's personal and management style as a contextual element within which the decision is undertaken. Specifically, the decision to adopt a niche-marketing strategy is contingent on external environmental changes, and on forces internal to the business, including the decision maker's management style. Internal factors will be considered because of their role in determining the strength and direction of the businesses reaction to external stimuli.

3.4.3 Selection of Research Methodology

The case study method has been compared to other research methods in terms of its strengths in certain situations. These strengths fit the requirements of the research problem and the characteristics of the data available.

The case study is a research methodology that is flexible but comprehensive, and that provides a mechanism for the researcher to cope with technically distinctive situations. Niche marketers are fewer in number than farmers following traditionally based management strategies, and each niche marketer tends to be unique in aspects of production, marketing and management. The case-study method is capable of using qualitative and

quantitative data. The researcher can draw on several sources for evidence including documents, archival records and personal comments, and may use a variety of methods to obtain this information such as surveys, personal interviews and document searches.

The strategic planning process of agricultural niche marketers has been characterized in the literature as being closely correlated (with undetermined causal links) with changes in the firm's micro- and macro-environment. The case study method has been demonstrated to be particularly relevant when the context is important to the study of the phenomenon. Furthermore, as Lombard (1968) pointed out, the focus of the research case is on forces at work in a contemporary context; the appropriateness of the case-study method is reaffirmed by the nature of the research problem which has been determined to be a contemporary strategic response to a long existing problem.

Descriptive material about people (such as management styles or personal goals) who are central to the adaptive process can be included more directly into analysis using the case-study method. This is a key issue in the study of the behaviour of niche marketers, and as such is an important reason for choosing the case-study approach.

3.5 Operational Considerations in Research Design

A research design is the logic that links the data (and conclusions) to the initial propositions; it is the frame work for conducting the research project (Malhorta,1993). Case-study analysis, like other forms of social science research, must satisfy the requirements of research design. The design must provide for construct validity, internal validity, external validity, and reliability. Each of these tests is met in the following manner.

Construct validity relates to understanding the factors that underlie the measured result; it involves knowing how well and why a given measure "works" (how well selected measures reflect the specific changes in variables chosen), and therefore requires a sound theory of the nature of the concepts being measured (Tull and Hawkins, 1993). Establishing correct operational measures for the concepts studied increases construct

validity. For any case study chosen, construct validity will be addressed through the utilization of multiple sources of evidence, establishing a chain of evidence, and by obtaining feedback from the principal decision makers. The primary case, Quinn Farms, examines the characteristics of the strategic planning process. In order to judge the extent of application of each key decision area (translated into a proposition for testing purposes), information was obtained from several data sources. Evidence from depth interviews, written documentation including business plans, and budgets supplemented archival records in establishing convergent lines of inquiry. This technique is based on the assumption that each finding or conclusion pertaining to a proposition which is derived from several different sources of information (data triangulation) is likely to be more convincing. This thesis utilizes many sources of information in the development of each single case study.

Internal validity is concerned with the appropriateness of the measuring instrument for the purpose of establishing causal relationships, and is therefore more of a concern for explanatory studies than for descriptive ones. Internal validity for case-study research involves assessing the representativeness of the cases for assessing strategic-management propositions and the adequacy of the data for making inferences. In order to increase internal validity, the method employed here was to structure the case along chronological lines. The chronology permits the researcher to cover many different types of variables. Actual decision variables were then compared with the normative model with respect to their occurrence (order of occurrence, context of their occurrence, consistency across cases, and causal inferences).

External validity establishes the domain to which the study's findings can be generalized. A single-case study, like a single experiment, is generalizable to theoretical propositions, but not to populations as are surveys. Therefore, the primary Quinn case study was chosen for its potential for theory building. Other cases are chosen to determine if the results obtained from analysis of the primary case can be replicated.

The establishment of the predictive ability of the primary case was based on the logic underlying the use of multiple-case studies. Each case study was analyzed to determine the key decisions undertaken that relate to the development of a niche marketing strategy. These results will be compared to the propositions inferred from the normative model, and will be analyzed to determine the extent of literal replication (prediction of similar results across case studies) and theoretical replication (different results for predictable reasons).

Reliability requires that the case study, like the experiment, can be repeated and yield the same results. The objective is to minimize bias and error in the analysis of the case study. To ensure that the study results are as reliable as possible, procedures used in gathering data for the case study were carefully documented.

3.6 Case Study Design Selection

Yin (1984) recognizes four major types of case study designs. The researcher may choose a single or multiple case design, each with either a single unit of analysis (holistic) or multiple units of analysis (embedded). The multiple-case holistic case-study design was chosen for this thesis.

A holistic design is advantageous when, as in this instance, the outcome of the action of adaptive change is considered in the context of the strategic plan for the entire business. An embedded design will not be used because sub-units or strategic business units are not identifiable, or their definitions are not relevant to the analysis of outcomes for the business in total.

The multiple-case design adopted for this thesis rests on the rationale that the primary case is selected and analyzed as if it would be in a single-case design. Subsequently, additional cases are analyzed using replication logic. That is, additional cases are analyzed to determine if they either yield similar results (literal replication), or produce contrasting results but for predictable reasons (theoretical replication).

Each case is analogous to a single experiment. In each particular case developed for

this thesis, the niche marketing decision was considered with respect to the overall business. The primary case was selected on the basis of meeting two conditions as delineated by Yin (1992). First, it represents a critical case in testing a well formulated theory. Where the theory has specified a clear set of propositions and the circumstances within which the propositions are predicted to be true, the case may be used to test the propositions based on the theory. In this way, the theory may be confirmed, challenged or extended. The propositions derived from the synthesis of the literature specified in the normative model were important aspects of the structure of the field work for this study. The second condition is that the case may be particularly revealing (i.e. it stands out in its capacity to illustrate the major key decision areas in a niche marketing strategy). The phenomenon need not be particularly rare or unique, but simply unstudied. In this instance, there are a number of emerging niche marketers, but the "niche marketing experience" in general and in respect to strategic planning has not been studied in detail.

Quinn Farms was chosen as the primary case for analysis for several reasons. The case was revealing in nature because it is a particularly good example of a niche marketer. Quinn Farms has developed and marketed products that satisfy the majority of Shami and Chalasani's (1991) requirements for an ideal niche. Data were available for each phase of the strategic business plan and reflected decisions regarding the adaptive aspects of both production and marketing decisions. The data were gathered from a variety of accessible sources. Evidence was synthesized from personal interviews, internal documents, archival records, direct and participant observation.

This case is unique in a number of other important aspects. The participants are articulate, cooperative, knowledgeable, and capable of providing insightful comment to open-ended questions. The case could also be considered a critical one in that, because of its richness in detail, it provides an opportunity to confirm, extend, or challenge the normative model developed in Chapter 2. Additional cases were then analyzed with a view to drawing cross-case conclusions with respect to literal and theoretical replication.

3.7 Case Research Design: Analyzing Evidence

3.7.1 General Design Strategy

The research propositions were discussed in Chapter 2. The primary unit of analysis of the case study is the strategic planning process of an agricultural niche marketer. Key result areas have been developed about the characteristics of this process. The results of the case study analysis were evaluated in relation to the strategic planning process for small business as put forth in the synthesized normative model. Units of analysis deal specifically with the major areas of interaction between the key decision areas of the strategic business units and the strategic planning process overall.

The general analysis strategy that was followed relied on theoretical propositions described by the key result areas. The design of the case studies was based on propositions and key result areas which in turn reflected insights gained from reviews of the literature. The propositions shaped the data collection plan and influenced the selection of the key result areas and the specific analytical strategies.

3.7.2 Specific Strategies Used

The principal analytical strategy used was pattern-matching, an approach for determining the correspondence between theoretical propositions and the observations collected from program based data. For each major component of an evaluation (e.g. the decision making process), there are theoretical and observed patterns; the degree of correspondence between the theoretical and observed patterns constitutes the pattern match. Based on earlier work by Campbell (1975), Miles and Huberman (1984) identify a set of decision rules that assist in determining the match between the observed and expected pattern. The pattern is matched if the majority of the key predictor variables are the same, the most immediate predictor variables (those closest to the outcome) are the same (and in the same sequence for explanation building), the common predictors have similar ratings, the outcome theme is the same, and the narrative confirms the similarity of the outcome theme derived from the predictor variables (all of which apply to estab-

lishing a case for literal replication). Theoretical replication may be established where the outcome themes are different for predicted reasons.

Specifically for this study, the objective is to compare the observed planning practices of the case-study participants with the normative planning model. The variables identified with the strategic planning model are the key result areas which were derived from the study's propositions. Ratings for the key result areas are based on the degree of commitment (strong, moderate or weak) of the manager to the elements of the strategic planning process. Key result areas were identified for each step of the strategic planning process. The pattern of decision-making activity set out in the normative model was compared to the patterns of decision-making activity for the primary and the secondary cases. The decision rules discussed above were applied to the analysis in order to determine whether a pattern-match had occurred between the case participants strategic planning actions and those actions set out in the normative model. Results of the pattern-matching analysis are presented in Chapter 4.

Explanation-building, as described by Miles and Huberman, (1984), is an extension of pattern-matching where the case is analyzed for patterns that build an explanation about the case. The procedure is mainly relevant to the explanatory aspect of case studies (Yin,1994). That is, the patterns are assessed for causal links that may be used to develop theoretical constructs. The credibility of a claim that an explanatory pattern is generalizable rests on the validity of the cases chosen. Greene and David (1984) state that offering concrete examples, e.g., quotations that demonstrate heterogeneity among respondents, tend to allay concerns regarding two threats to validity: first, failure to check out alternative explanation patterns, and second failure to achieve representative heterogeneity in the population. To demonstrate validity in this analysis, quotations supporting explanations have been provided and a variety of sources are quoted where possible. Also, a summary of the backgrounds of individuals who were interviewed is included in order to provide context against which decision-making was analyzed.

The case study as a research strategy (see Chapter 3) is uniquely suited to the development of explanatory patterns (Green and David, 1984). Employing the multiple-case design, the researcher seeks to generalize about the range of applicability of explanatory patterns (rather than about the relationship between variables). At the single case level this process involves evaluating the applicability of explanatory patterns to the case as a whole, i.e. the consistency of explanation of observed patterns in the Quinn Farms case with the pattern of the normative model. At the level of cross-case analysis, the process involves testing the extent to which explanatory patterns apply to the set of cases as a whole.

The process of generalizing to theory (the theoretical foundation of the normative model) begins with the identification of patterns that are associated with a theme or rule. An explanation of the rule is then advanced. In cross-case analysis, like patterns from other cases are referenced, the analysis is summarized, and an explanation for the resultant pattern matching is developed. The development of a theoretical construct is the vehicle for comparing the explanation with the normative model, as postulated, confirming the model's propriety. Situations where the model and the explanation do not coincide provide the foundation for the development of an alternative explanation and subsequently for adjusting the model. Theoretical constructs are developed and explanation-building is undertaken in Chapter 5.

3.8 Case Study Protocol

The protocol establishes the field procedures that will be used for the study. This includes delineating the criteria for participant selection, the proposed method for data collection, the types of data to be collected, and procedures to ensure data reliability.

The first step in the case study protocol was to choose potential candidates for analysis. Case study participants were selected on the basis of several criteria. A list of the names of potential case study candidates was developed through scanning the popular agricultural press, discussions with agricultural production and marketing research specialists, and

government extension personnel, as well as from personal interviews. The names on the initial list also satisfied Balderson's (1994) definition of a small business; the firm is independent, the owner makes the major decisions, the business employs fewer than 100 people, and the business is not able to secure required financing by selling shares publicly.

From this list of agriculturally focused small businesses a selection was made based on those businesses satisfying the requirements of a niche marketer. That the business targets a special market segment is the principal criteria for the business to be considered a niche marketer. Also, the segment targeted should possess a majority of the criteria for an ideal niche described by Shami and Chalasani (1991). The niche is large enough to be profitable, has growth potential, is of negligible interest to the firm's competitors, and provides some source of entry barriers to competitors. A final firm-related criterion suggests that the business has sufficient resources to exploit the niche.

The second step consisted of a series of preliminary interviews, conducted in order to discuss the purpose of the study with potential participants. These meetings were also designed to solicit feedback regarding the respondents' willingness to participate (e.g. release personal and company related information concerning goals, objectives, financing and marketing), and to determine the appropriateness of the case for the study (i.e. that it fell within the bounds of the above criteria). A willingness of the potential case-study participant to provide personal and company information was an important issue in the selection process. Evaluation on this particular criterion was continuous and ongoing, rather than linear or sequential.

The primary (Quinn Farms) case was selected at this stage. This operation was chosen as the primary case because it met the criteria for an agricultural small business to be a niche marketer, because there was evidence of long-term goal orientation which was consistent with the first level of strategic planning, and because there was an extensive, documented history of entrepreneurial activities to draw on. Therefore, it was determined after the initial set of interviews that the Quinn case contained the information required to

compare the strategic planning process of Quinn Farms with the normative model of the strategic planning process discussed in Chapter 2.

Analysis of the primary (Quinn Farms) case consisted of a study of the patterns of Robert Quinn's managerial activities and a comparison of these patterns with the predicted pattern (steps in the strategic planning process) of the normative model. Cross-case analysis was undertaken after a thorough analysis of the primary case was completed.

Selection of the other cases was made on the basis of their meeting the criteria to be considered a small business niche marketer, and for the diversity of the background of the manager, the type of business and the competitive environment of the business. Heterogeneity of the information sources is important in ensuring that validity is maintained and increases the ability to generalize from the study findings (Greene and David, 1984). Comparison cases were selected for their contribution to the heterogeneity of the multiple case participant pool. Comparison cases were not required to be as rich in the detail of each step of the strategic planning process as the primary case, but were selected because they provided some information for each stage and appeared to possess a long-term goal orientation.

The third step comprised a series of interviews with the case-study participants. Follow-up visits reviewed previously collected information to ensure accuracy and completeness, to clarify questions arising out of previous meetings, and to collect new data. Some data gathering did not require personal visits; in such cases telephone calls were used, usually for clarification of information.

After each visit, field notes were rewritten verbatim. These notes were then formed into sentences and paragraphs and organized into sections of related topical information. Data from each meeting were handled in the same manner, and copies of the field notes were forwarded to case participants for review. A follow-up telephone call some time later served to set out the agenda for the next meeting. First corrections were made to the text based on the review by the participant. These corrections included clarification of action taken, reasons for this action and consequences both anticipated and actual; they

also serve as a check on the accuracy of dates recorded, the sequence of events, participants names, financial information and correctly identifying technical information such as plant varieties. Next, new information was gathered according to the agenda set out for the meeting, and the session ended with a brief review of notes gathered at the session and clarification or extension of areas covered in the interview. When new areas were uncovered, an exploratory session would normally be used to determine the extent to which the new information was relevant and to what extent the participant felt comfortable in discussing the area in depth. These matters then became part of the follow up review for the next meeting.

The fourth step included a final visit to complete the review of materials by case participants and grant release of information for research purposes. The number of interviews varied according to the corrections required, the amount of new information arising from each interview, the success of telephone interviews, and the complexity of the niche marketing experience.

3.9 Conclusion

Yin (1994) specifies five components of a research design that are particularly important. They are the study's questions, its propositions, its units of analysis, the logic linking the data to the propositions, and the criteria for interpreting the findings.

For this thesis, the background to the research problem was developed in Chapter 1. The questions were concerned with describing the strategic marketing process of agricultural niche marketers and comparing this process to a normative model developed from relevant theory. Propositions were developed in Chapter 2 to aid in operationalizing the model and focusing on the key decision areas of the strategic planning process. The unit of analysis was the strategic planning process.

The multiple-case study design was chosen to study this process. A strength of the multiple case study approach is, by virtue of the equivalent of the repeated experiment

effect, to develop greater confidence in the analytical conclusions (i.e., the greater number of repeated occurrences of an event across cases the more confidence can be placed in linking it to the phenomenon under consideration).

Linking the data to the propositions was accomplished through the technique of pattern-matching. A set of decision rules identified by Miles and Huberman (1984) was employed in assessing the match between the observed pattern of strategic planning and theoretically proposed pattern predicted by the normative model. The case-study data is analyzed in Chapter 4.

The pattern of decision-making which composed the strategic planning process for the primary (Quinn Farms) case was compared with the expected pattern of the normative model. The pattern of decision-making for the three secondary cases was also compared with the normative model using a cross-case analysis procedure.

Explanation-building, an extension of pattern-matching, was based on the comparison of the observed results with the normative model and looks for causal links that may explain the observed pattern. Explanation-building is discussed in Chapter 5.

CHAPTER 4

CASE STUDY ANALYSIS

4.1 Introduction

The purpose of this chapter is to examine the data gathered from the primary (Quinn Farms) case study, to analyze the patterns of managerial activities of the three secondary cases, and compare these patterns with those of the primary case. These patterns are explained and the resultant theoretical constructs are compared to the normative model in Chapter 5.

The format of this chapter is to develop the analysis of the primary case and then to report the analysis of the cross-case comparison for each step of the strategic planning process. This is followed by a summary of the comparative analysis. An indication of the presence of conditions supporting propositions related to the normative model is provided in a checklist. A checklist matrix was developed for each step of the strategic planning process. The outcomes reported in the cross-case comparison were not based on statistical methods of analysis, and the terms used do not imply statistical significance. They are expressions of how the case participant responded to questions concerning the key result areas (key decisions at each step of the strategic planning process). Responses were in the form of verbal indications of actions considered or reference to documentation of the actual performance of managerial activity. The term selected to describe the response was based on the results of an explanation-building process (Miles and Huberman, 1984; Marquart, 1989).

The terms used in the tables that follow are intended to reflect the degree of the commitment of the manager to the elements of the strategic planning process as represented by the key result areas. They provide for the evaluation of the importance of the element to each decision maker. The time period, which is also critical in setting the context, is brought into the analysis in the narrative which supplements each table.

A brief description of the conditions for which each term was applied is provided with the understanding that context always plays an important mediating role in the extent to which conditions influence key result areas, and that context is considered in the

analysis through the narrative which follows each table. The categories used were “strong,” “moderate” and “weak.” A description and a related example of the use of these categories is provided in Table 4.1.

4.2 Background of Case Study Participants

Greene and David (1984) state that heterogeneity of information sources is an important factor in maintaining validity, and hence the ability to generalize. Accordingly, greater diversity in the background of the case participants, who never-the-less developed similar planning strategies, serves to enhance the confidence in the ability to generalize to the greater population of niche marketers. Diversity of background was considered in the selection of the case study participants for this thesis, and is illustrated in the following brief history of the principal contact interviewed.

4.2.1 History of Quinn Farms and Robert M. Quinn

Bob Quinn grew up on the 2,700 acre family farm in north-central Montana. While earning his Ph.D. in plant biochemistry from the University of Southern California at Davis, Bob established a number of profitable ventures in the biomedical field, and established a number of business contacts that would aid his efforts to market organic grains in California. Bob’s decision to return to Montana meant that the farm would pass to the third generation.

It was a typical mixed farm for the area, raising cattle and the traditional crops of hard red winter wheat, barley, durum and spring wheat. Bob was raised in an innovative entrepreneurial environment. Bob’s father was an innovator; for example, he had been one of the first farmers in the area to use chemical fertilizers and herbicides to increase yields. He had also attempted to grow Cow Cackle (normally considered a weed) for commercial purposes.

Bob, having grown up in this atmosphere, experimented in alternative cropping practices early in his career. He recovered a jar of ancient wheat of the durum family from another Montana farmer, whose son had brought it from Egypt. The Quinn’s propagated the

wheat from the original 36 kernels, eventually achieving both varietal recognition and brand registration. The Quinns' named their new wheat Kamut[®] for the region of origin.

*TABLE 4.1
DESCRIPTION OF CROSS-CASE CATEGORIES*

CATEGORY	DESCRIPTION	EXAMPLE
Strong	Key result area was an integral aspect of the decision-making process. Several occurrences or a few (even a single instance) if clear and definitive.	Bob Quinn scans the environment by attending organic grains trade fairs, subscribing to over 30 trade publications, maintaining personal channel contacts, and professionals.
Moderate	Manager displayed knowledge of the elements of the key result area but actions action was less definitive in terms of depth, breadth or frequency.	Strategic planning concepts well understood by Rod Bradshaw (BECK) but orientation was short run (tactical) rather than a clear specific long term commitment
Weak	Manager displayed knowledge of the key result area but did not consider it important to planning and so was much less evident in the strategic planning process	Roger Stein recognized the benefits of allocating resources to planning but did not do so until required to provide a long term plan by creditors.

Long-term goal orientation, which is a precursor and an indication of strategic planning at one level of generality, has been referred to above and is illustrated more concisely in the summary of management decisions and actions taken by Bob. In the ten years since Bob began to research growing grains organically, there have been many significant changes. A brief chronological history of the farming operation since Bob's return is given in Table 4.2 and provides an overview of these events.

Quinn Farms' crops now include hard red spring wheat, hard red winter wheat, durum wheat, alfalfa hay, lentils, buckwheat, and Kamut_r brand wheat. The entire acreage is certified organic under the provisions of OCIA (Organic Crop Improvement Association). This is an international association that certifies farms, mainly in Canada and the United

States, though it is now expanding to Europe, Asia and South America. The requirements for certification include a three-year period of no chemical usage, a farm inspection, and a report of all sales. A certificate is then issued for each sales lot. The development of Kamut[®] is unique, because it is rare for a private individual to complete all of the requirements of varietal protection and brand registration.

A summary of the events leading up to the registration of Kamut[®] as a brand is as follows. Kamut[®] (officially registered QK-77) is a member of the durum wheat family (*Triticum Durum*), and was introduced to North America 40 years ago when a U.S. aviator acquired 36 kernels which he mailed to his father, a Montana farmer. Because of its supposed origin and lacking a formal name, it was dubbed "King Tut's Wheat." In 1977 Bob obtained one jar of this wheat. Over the next ten years Bob grew and selected it, finally attaining varietal certification.

In the United States, varietal certification is valid for fifteen years, of which ten years remain. Kamut[®] is a registered brand name, and the combination of varietal protection and trade mark registration give the Quinns exclusive rights to control the growth and sale of this wheat under the brand name Kamut[®]. They have the right to enter into contractual arrangements with other growers, and the right to restrict the production and sale of this commodity. Trademark protection has recently been obtained for Europe. Kamut[®] makes up 20 percent of the Quinn's cropped hectares in the rotation at any one time.

Crop rotation is now much more complex with the addition of legumes and other crops into the rotation. With reference to the key features of the new organic crop rotation, organic sources of nutrients represent a saving of \$25,000-\$27,000 on chemical fertilizer application with additional cost of only \$6,000 for alfalfa seed. Organically grown grains also command a 20 per cent price premium on average.

Bob would like to direct market all production from the farm and maintain its organic certification while building soil quality. Through production on his own farm and by contracting with other producers, he also wishes to maintain a constant supply for the

*TABLE 4.2
CHRONOLOGY OF EVENTS FOR QUINN FARMS*

YEAR	COMMENTS
1978	Bob and Ann Quinn returned to the family farm.
1983	Farming conventionally. Bob marketed wheat directly to whole grain bakers in California. Started Montana Wheat Co., which he later renamed Montana Flour and Grains Inc.
1984	Began to sell organic grains and to research the idea of growing grains organically on his own farm.
1985	Began flour mill operation in a rented building. Leased cattle to the neighbours.
1986	Made first flour sales to California.
1987	Specialized in organic. Sold conventional side of the business. First organic crop harvested on his own farm.
1989	First Kamut® produced for the health food market.
1991	Purchased building for the flour mill. Had entire farm certified organic. Devoted 20% of acreage to Kamut®.
1992	Seed cleaning plant established. Put flour mill and seed cleaning plant under day-to-day control of full-time manager and controller.

flour mill which is located in Fort Benton, 50 kilometres from Big Sandy. The mill sells approximately 150,000 kilograms of flour and 50,000 kilograms of grain monthly to domestic and European markets. With sales at this rate, it may be possible for Quinn Farms to be debt free by the turn of the century.

Agronomic conditions in Montana are comparable to those of the southern parts of the prairie provinces, and costs of production are similar. Also, although the marketing of grains such as spring and winter wheat and durum wheat is substantially different in Canada than in the United States, the sale of specialized grains, in particular organic grains, is comparable. Quinn farms sells Kamut® to organic cereal manufacturers in both the United States and Canada, and utilizes the Canadian rail transportation system to distribute flour and cleaned grains to the United States and Europe.

4.2.2 Mokoski Market Farm

Bill and Vera Mokoski grew up in southern Alberta, but neither have farming experience. Both are professionals; Bill has a degree in economics and education, and teaches at the junior high school, while Vera is a registered nurse.

The Mokoskis purchased the 30 hectare acreage in 1981. It is close to Lethbridge (8 kilometres) and irrigable. In the early stages of development, the Mokoski's were able to live on the acreage and work in the city. Over the next 5 years they were able to learn about the fruit and vegetable industry and experiment on their own. They developed many sources of information (such as Alberta Agriculture, Agriculture Canada, Trade representatives, and association contacts), and became known by the provincial specialists as growers who kept very complete records on costs and returns for various fruit and vegetable crops. In 1990 Bill and Vera made the decision to concentrate on strawberry production and, in their words, developed as a company objective:

“To be the largest strawberry producer in southern Alberta.”

An estimated 10 acres planted to strawberries is required to meet this goal. It is also the approximate acreage that is manageable by them without additional full-time staff. A brief chronology of the production decisions characterizing the operation is provided in Table 4.3.

4.2.3 Beck Farms

Rod Bradshaw, is one of four shareholders in a company that was established primarily to produce carrots for the fresh market in Alberta, holds a B.Sc. (Agr.) from the University of Alberta. The name “BECK” is an acronym for the shareholders' last names.

Principal shareholders Rod and Shelly Bradshaw have owned and operated, separately and jointly, traditional grain and purebred livestock operations. Searching for ways to stabilize farm income, they scanned the environment for opportunities in non-traditional agriculture and learned of carrot production from neighbours who attended a farm diversification conference at Red Deer. The operation was begun on a limited basis, with

TABLE 4.3
CHRONOLOGY OF PRODUCTION DECISIONS FOR MOKOSKI MARKET FARMS

YEAR	COMMENTS
1981	Moved onto acreage. Grew seed grain on a contract basis. Not a sound decision agronomically (weed problems). Grain sold for milling.
1983	First garden planted. Cropped one-half of a one acre plot. Crops grown were "cole crops" such as cabbage and brussels sprouts.
1984	Produce sold at Lethbridge Farmers' Market.
1984-1990	Grew increasing acreage of cold season crops. Also grew green and yellow beans and one-half acre of cucumbers.
1985	Began marketing produce at Calgary farmers' markets.
1986	Planted first acre of June bearing strawberries.
1987	Harvested first strawberries. Planted second half acre of June bearers (different variety) and one-half acre of day neutral strawberries. Quit going to farmers markets in Calgary.
1988	Planted additional one-half acre of day neutrals and one-half acre of June bearers.
1989	Planted an additional acre and one-half of June bearers.
1990	Planted additional two acres, one each of day neutrals and June bearers. Management decision to discontinue production of cole crops and concentrate on strawberries. Eliminated cucumbers (profitable but labour intensive).
1991	Plowed down original first acre of strawberries and one-half acre of non-productive berries. Planted two additional acres.
1992	Replaced one acre and added one-half acre new planting. Planted one-half acre raspberries.
1993	Replaced one acre and added one-half new planting.
1994	Total strawberry acreage 8.5 (goal is 10 acres). Raspberry production is one acre.

venture capital from each of the shareholders and a commitment by them to provide land for carrot production on a crop rotation basis.

The business was started on a risk capital basis and grew to the point of requiring a long term commitment, increased working capital, a business plan and a strategic plan for the employment of investment capital. A brief chronology of the joint venture is presented in Table 4.4.

*TABLE 4.4
CHRONOLOGY OF CARROT PRODUCTION FOR BECK FARMS*

YEAR	COMMENTS
1986	Grew 7 acres of carrots; sold to Newel Vegetables.
1987	Formed Beck Farms; grew 20 acres of carrots, constructed packing plant with cooler, sales to wholesaler.
1988	35 acres carrots, first cabbage production.
1989	Acquired delivery van.
1990	40 acres carrots, farmers market deliveries.
1991	70 acres of carrots, new processing building.
1992	85 acres, new equipment in processing building.
1993	Temporary storage (poor markets).
1993	Acreage expanded to 120 acres (plowed down 30 acres due to poor quality). Selling as producer agent.

4.2.4 Roger Stein

Roger and Darlene Stein own and operate the landscape firm 'Roger The Shrubber.' Roger obtained a diploma in horticulture with a major in landscape design from Olds College and a diploma in environmental science from Lethbridge Community College. Before opening his own business, Roger worked at several commercial gardens and investigated several other ventures (such as marketing top soil or a garden centre).

Roger continually scans the environment for business opportunities and considers the company's current offering as a stepping stone to both increased high value landscape architectural work, and as a base from which to diversify into other related fields such as opening a garden centre.

Roger The Shrubber began operations in 1988, and by 1990 Roger had received the Entrepreneur of the Year award from the City of Lethbridge. Roger's service consisted of spring yard clean-up, sodding and landscape design. The business added garden renovation, precision pruning, paving stone installation and in the landscape design area specialized in

alpine and perennial rock gardens and water features. In 1992 the business added the installation of underground sprinklers (requiring the purchase of specialized equipment), and micro-irrigation for trees, shrubs and flowerbeds. Roger understands the essentials of marketing and has examined his business from a market segmentation perspective. However, he describes his forte as promotion. Roger The Shrubber three times received the 'best booth' award at the Lethbridge Home and Garden Show, the latest in 1994.

4.3 The Strategic Planning Process

The key features of each step of the strategic planning process were extracted (Table 2.2) and were used as a framework from which individual case studies were analyzed. Study of each case was conducted by separating the inquiry into sections corresponding to the steps of the normative strategic planning model. The format for analysis was to first review the key management decision areas of each stage, and then to investigate the pattern of management planning activities evidenced by case participants.

4.3.1 The Decision to Plan

The decision to plan involves allocating scarce resources to the various tasks of managing and operating a business. The literature reviewed indicated differences between large corporate business planning and that of small business, particularly in two areas. First, because of limited resources and expertise in formal planning techniques, the decision to plan was based to a greater extent on a combination of personal and business goals. Second, a subjective estimate of potential future benefits tended to be used rather than an investment in formal analytical planning tools.

The attitude toward planning of the individual entrepreneur was determined to be an important feature of this stage. The data were analyzed to determine the existence of a pattern of past success that would have led to a positive outlook with respect to potential future benefit. The manager's acknowledgment of the necessity to allocate scarce time resources and to consider personal goals were all features of this stage. The results of the key result analysis

for Quinn Farms and for the three secondary cases are summarized in Table 4.5.

4.3.1.1 Key Result Area Analysis for Quinn Farms

The discussion of the decision to plan in the case of Quinn Farms begins with analysis of a quote from Bob Quinn:

“You need to know where you are going and above all be persistent. That persistence is something I learned at university and have carried with me into business.”

Bob Quinn’s statement reflects a personal attitude that is also a managerial philosophy. Historical aspects of success include growing up in an entrepreneurial family where his father investigated the sale and marketing of Cow Cackle, was an early advocate of fertilizers, and had an interest in crop rotation and other soil conservation measures. Bob, with a partner, established a number of enterprises in the biomedical field as a means of supporting himself at university. These enterprises were sold as going concerns when the Quinns returned to Montana. Bob articulated a number of personal and business goals that he would see implemented over the years. As he once stated,

“One of my goals is to return the soil to a quality that is equal to what it was as native grassland.”

This statement reflects one of Bob’s personal goals and is linked to his decision to plan in that it demonstrates a long-term vision, and a commitment to stewardship of the land that would require the ordering and deployment of resources in some manner consistent with the accomplishment of this objective. This personal goal would influence the range and application of business choices that would eventually be considered by the Quinns.

Allocating scarce time resources was linked in theory to a positive outlook on the planning exercise which was based on a combination of past success, expected future

benefits, and having the time available to spend on planning. This key decision area for Quinn Farms are summarized below as a part of the cross-case analysis presented as an extension of the single case analysis. This analysis proceeds by building themes from patterns, and developing explanations for these patterns that lead to a theoretical construct. This procedure was referred to above as the “explanation building” procedure outlined by Miles and Huberman (1984).

The analysis of the managerial decision-making activities of Robert M. Quinn indicated a pattern consistent with the activities associated with the decision to plan. A theme (rule/proposition) proposed was that the decision to plan was founded on past success based on a family history of entrepreneurial behaviour and success in other non-farm business ventures, and that continual environmental scanning led to the discovery of a grain that would eventually receive brand registration. These successes led to a positive outlook toward decision making and a high expectation of benefit from future planning. Bob had only a moderate amount of time for planning during his time at University of California at Davis while studying for his doctorate and while farming in the summer. Bob blended company and personal goals in long term planning, which was discussed in detail concerning this aspects influence on company mission.

4.3.1.2 Patterns from other Cases

Mokoski Market Farms entered the venture of irrigated vegetable and strawberry production with the owners having no history of success in a niche marketing or a traditional agriculture venture (both of the owner managers held career appointments in professions). Because of secure incomes from other sources, the Mokoskis were able to allocate time over several years in planning this new venture. They were also able to experiment with small lot production over the years which assisted in overcoming the lack of experience in planning and in operations. Company and personal goals were integrated and bound to the decision to plan. As Mr. Mokoski stated:

“We wanted financial independence and the opportunity to work for ourselves and to maintain a rural lifestyle. We would like to diversify our income while keeping investment low...”

The expected future benefit from the operation was high, but the expected future benefit from planning was an unknown. However, the aspect of trial and error of production techniques over time, when considered as an aspect of the decision to plan, displays a high commitment to the planning process and confidence in the anticipated result.

The managers of Beck Farms were experienced in planning traditional agricultural operations and had demonstrated entrepreneurial spirit in the choice of carrot production as a first niche marketing venture. Rod Bradshaw, one of four shareholders, stated:

“We were looking for something different, then we attended a seminar on agricultural diversification in Red Deer...”

There was little time for formal planning because each of the shareholders was involved in a business of their own and a written business plan was not completed until much later in the venture (1994 planning year).

Roger Stein (Roger the Shrubber) displays two aspects of the decision to plan. Roger's long-term personal and professional goal to be recognized as a successful landscape architect, and a complementary company goal to be financially successful in the field of landscape design, can be taken as evidence of long term strategic planning. Roger devoted two years at Olds College, one year at Lethbridge Community College, and three years working in the field before opening his own business. These taken together constitute confidence in terms of the expected future benefits, and create a positive outlook for long-term planning. On starting his landscaping business, Roger did not have any formal business plans (consistent with the theory reviewed in Chapter 2). However, financial pressures led Roger to seek external financial assistance, and it was the credit institutions

that demanded formal plans and, in particular, financial statements including proforma cashflow, balance sheet and income statement. These statements and operating plans were assembled under the time pressures of opening the business at peak season (early spring). A cross-case assessment of the degree of commitment to the key result areas relating to the decision to plan is presented in Table 4.5.

4.3.1.3 *Comment on Cross-Case Pattern*

In all cases the decision to plan was based on an expectation of expected future benefits. Despite the varying background of participants, the perception of future benefits differed little among case participants. Personal goals such as financial independence combined with company profitability goals in provided planning incentive. In some cases (e.g. Quinn, Beck) a history of success furnished additional incentive. In other cases (e.g. Stein) the need for immediate cash flow and a short run need for profitability (as a means to repay lenders of external capital) that provided the incentive for planning.

TABLE 4.5
CROSS-CASE COMPARISON OF THE DECISION TO PLAN

KEY RESULT AREA		CASE 1	CASE 2	CASE 3	CASE 4
PRIMARY	SECONDARY	QUINN	MOKOSKI	BECK	STEIN
Allocate scarce time resource	History of success in plan	strong	strong	moderate	none
	Expected future benefits	strong	strong	strong	strong
	Time available	moderate	strong	moderate	weak
	Positive outlook	strong	strong	strong	strong
Goals interrelated	Personal needs	strong	strong	strong	strong
	Company goals	strong	strong	strong	strong
	Entrepreneurial spirit	strong	strong	strong	strong

4.3.2 Company Mission

The organizational mission develops the company perspective of increasing total profit from the farm and integrating this long-term objective with personal, and environmental goals. At this stage Bob described the company mission in terms of the farm being capable of providing sufficient income to support two families (his family and his parents), and eventually to allow his children to pursue interests in advanced education.

Moyer (1982) states that since this step requires creativity rather than resources, it is manageable by small business.

The key result areas for this stage reflect this reality. It was hypothesised that formal evidence of strategic planning (such as a written business plan) would not be evident at this stage, but that there would be indications of an overall company direction, and that this vector was influenced by the blending of personal and company goals and objectives. Establishing criteria by which opportunities will be evaluated as they arise is a key factor, and is related to having a clear understanding of the purpose of the business. The results of the analysis of these key result areas for the corporate mission are summarized in Table 4.6.

4.3.2.1 *Key Result Analysis for Quinn Farms*

The key result areas listed above were addressed in a strong commitment to corporate mission through Bob's stated desire to develop the farm into an operation capable of providing sufficient income to support two families, and later to provide for his own children's educational and career needs while maintaining a commitment to the stewardship of the land. This indication of corporate mission expresses a broad purpose with a long-term orientation that blends personal and business goals. It also serves to define in very general terms the scope of the opportunity-scanning process.

A formal business plan was not developed at this stage, and no written mission statement developed. The decision to plan consisted of a commitment to an environmental scan that would uncover opportunities consistent with personal goals, abilities and interests. The implied company mission, as verbalized, was consistent with the Quinn fami-

lies' personal goals expressed above.

4.3.2.2 Key Result Analysis for Other Cases

Mokoski Market Farm's corporate mission was expressed in terms of the Mokoskis' personal goals of financial independence in conjunction with company goals of diversified income sources. Operating their own small business and maintaining a rural lifestyle were important considerations in developing the broad statement of purpose for the company. Lack of knowledge of conventional or niche agricultural opportunities led to some confusion in the development of precise scanning criteria, and accordingly resulted in a policy of trial and error in enterprise selection. For example, when the acreage was purchased in 1981, the Mokoskis' scanned the environment for opportunities to add value to traditional crops grown in conventionally, they chose marketing seed grain on a trial basis. However, due to a problem with weeds in the crop (hence weed seeds in the harvested crop), the grain was not suitable for seed and was sold at the lower commercial price. Similarly, once the market garden was established, peppers were grown, again on a trial basis. The decision was based on sales price with no background information on cost of production. The crop was rejected after three years (1982 to 1984) because the higher price did not compensate for the extra costs of chemical control and manual planting, weeding and picking.

Beck Farms' principal shareholders Rod and Shelley Bradshaw maintained a strong long-term purpose expressed in the desire to diversify into alternative or non-traditional agricultural enterprises. Rod expressed the corporate mission as:

“We wanted to provide increased sustainable income for our shareholders.”

The discussion concerning possible opportunities that would match internal strengths with this desire for diversity tended toward an emphasis on tactical (try an idea to see if it will work) rather than on a long-term strategic commitment to one specific, alternative enterprise. This position was made possible by the modest start and slow expansion

exemplified by the chronological history of the development of the joint venture presented in Table 4.3.

Roger Stein exemplified strong long-term goal orientation

“I’d like to be financially independent by age 50!”

with a blend of personal and corporate goals. That is, the achievement of financial independence is through the establishment of a profitable small business. His primary business goal is to attain recognition as a landscape architect. Roger’s business venture was based on internal strengths (his knowledge and commitment), but financed on a shoestring. This, and the fact that Roger constantly searches the environment for other profitable ventures related to the landscape industry, indicates entrepreneurial nature and a greater risk taker than other case study participants.

4.3.2.3 *Comment on Cross-Case Pattern*

A cross-case assessment of the degree of commitment to the key result areas relating to the corporate mission is presented in Table 4.6. The agricultural niche marketing case participants set long-term personal and business goals. These objectives were often verbalized in a way that expressed company goals as a means to achieve personal goals. Adding further complexity to this joint relationship was the perception that personal goals often included the establishment of an independent business. The development of a corporate mission flowed from the perception of a need to plan, and became a notion of what business the entrepreneur wished to be in and what it would look like at some time in the future.

4.3.3 Company Objectives

The corporate mission is operationalized by the statement of company objectives. It is suggested in the literature that objectives should be specific and quantifiable with reference to functional and financial performance measures. A planning horizon is also an important key result area. It was important to maintain events in chronological order in the assessment of company objectives, as is evident in the following narrative, because

objectives often became more defined (more precise qualitatively and more quantifiable) as the business matured.

*TABLE 4.6
CROSS-CASE COMPARISON FOR CORPORATE MISSION*

KEY RESULT AREA	CASE 1 QUINN	CASE 2 MOKOSKI	CASE 3 BECK	CASE 4 STEIN
Long term orientation	strong	strong	moderate	strong
Broad purpose plan	strong	strong	strong	strong
Blended goals	strong	strong	weak	strong
Scanning criteria	strong	moderate	moderate	strong

4.3.3.1 Key Result Analysis for Quinn Farms

Bob Quinn's company objective evolved from the long-term financial goals of supporting his family's needs when they returned to the family farm, to a more specific (quantitative) measure, based on the requirement to pay the mortgage and operating debt acquired to build and finance the flour mill. Costs and returns data collected on the Quinns' operation indicated that operating the 2,700 acre farm on a conventional 50/50 crop/summerfallow basis at average prices would provide an approximate net return of \$60.00/acre (\$80,000.00 for the farm). Bob judged this income to be adequate for current family and business needs, but not enough to provide a margin for reinvestment and for the anticipated increase in personal financial requirements. Specific objectives were qualitative as expressed in the objective to build long-term financial security within the framework of a commitment to stewardship of the land. Objectives were quantitative with respect to developing a range of incomes that would satisfy the profit objectives required for reinvestment.

Company objectives were defined as specific measures that operationalize the mission. Precise numerical values attached to financial and production goals are developed at this stage. Quinn Farms did not develop specific financial goals such as target

return on investment or capital turnover. Bob did however express the goal to: "be debt free by the turn of the century." He noted the necessity to maintain financial records in order to be able to monitor success toward that goal.

Bob's desire to be debt free by the turn of the century related specifically to profit objectives after investment in the flour mill and seed cleaning plant, and was based on a return on investment of 10 per cent, and a mill operating ratio of 6 per cent. Ratios were calculated yearly and cash flow projected on a quarterly basis.

4.3.3.2 Key Result Analysis for Other Cases

Bill and Vera Mokoski, of Mokoski Market Farm, developed long-term company objectives based on the blend of personal and company goals outlined in their corporate mission. The company objectives were not specific in terms of expectations of return on investment. The Mokoskis did, however, maintain cost records that enabled them to adjust production each year. Costs of production were calculated for each individual crop and labour hours were estimated to provide for an assessment of the relative profitability of each crop on a per acre and per hour basis. From this analysis, the crops with the highest potential profit per unit were selected for production in the following year. Using this procedure the Mokoskis eliminated peppers, peas, and cole crops in favour of strawberries, raspberries and potatoes. These procedures were used to validate the stated objective of gaining the highest returns per acre using the lowest investment per acre possible. Quantitative measures were rated moderate on the basis of strong costing measures and unspecified desired profit measures.

Rod and Shelley Bradshaw also kept accurate records of cost of production and hence each year's profitability. The carrot production venture was viewed in this case by them as an experiment in farm diversification, and although there was a need to make profit in the long run, there was not the perceived need to make short-run objectives specific or quantifiable. The need for a written business plan arose, for example, when significant

investment in processing equipment and storage became necessary as production increased to 70 acres. They expressed their company objectives as:

“We want to maximize returns per acre within the overall objectives of diversification of income sources and the development of stable long term income. What contributed to our choice was the personal objective of meeting the challenge of producing and marketing products that are not mainstream. We started to grow carrots and then looked at alternative ways to market our production.”

Roger Stein, similarly, had developed a strong sense of mission which was loosely translated into specific objectives at the start of company operation. However, the requirement for external financing forced Roger to commit to long-term objectives and a plan of operations. These were frequently modified in a tactical or contingent manner as the need arose. Need in this context refers to a requirement to maintain profitability (objective) and Rogers need to honour his risk taking entrepreneurial spirit and evaluate opportunities gained from environmental scanning.

4.3.3.3 *Comment on Cross-Case Pattern*

A cross-case assessment of the degree of commitment to key result areas of company objective is presented in Table 4.7. Company objectives were developed by all of the businesses. Objectives were long range and strategic in nature, and were consistent with their company mission. They were not, however, always expressed in precise numerical values, although many were expressed in a quantitative manner. The length of planning horizon varied among participants, and for some it appeared difficult to ascribe precise performance measures to production activities that evolved tactically within the strategic planning framework and were contingent upon changing environmental factors. Specificity of company objectives did not appear to depend on the requirement of a financial cushion, as indicated by the response for Stein who required immediate cash flow and relied on maintaining flexibility within the strategic plan. Similarly Mokoski,

who was able because of outside income sources to experiment with contingencies based on the overall strategic plan, did not perceive the need to complete detailed or specific company objectives. The niche marketing approach appears to be that of developing broad long-range strategic plans and maintaining the maximum tactical advantage by maintaining a contingent approach to short run tactical planning.

*TABLE 4.7
CROSS-CASE COMPARISON FOR COMPANY OBJECTIVES*

KEY RESULT AREA	CASE 1 QUINN	CASE 2 MOKOSKI	CASE 3 BECK	CASE 4 STEIN
Objectives specific	strong	moderate	moderate	moderate
Planning horizon	strong	strong	moderate	moderate
Qualitative measures	strong	strong	moderate	strong
Quantitative measures	strong	moderate	strong	strong

4.3.4 Situation Analysis

This stage of the situation analysis is an audit, consisting of evaluating the firm's strengths and weaknesses (including the personal resources of the business subject to personal goals and values) and assessing environmental threats and opportunities. Management takes stock of resources with a view to assess the company's capability to carry out the objectives defined earlier. Much of the research to date has focused on large companies, and so there appears to be little carry-over to small business. Literature reviewed in this area indicates that small business differed from large corporate business. Because of a lack of resources, small business has relied on less formal means to scan the environment and has often scanned less broadly than large business. However, there are indications that response to environmental changes may be faster in small companies. These relationships constitute the key result areas for this step. Cross-case analysis of the key result areas for the situation analysis is presented in Table 4.8.

4.3.4.1 Key Result Analysis for Quinn Farms

This stage commonly consists of a S.W.O.T (strengths, weaknesses, opportunities, threats) analysis. An inventory of internal resources is compiled by the entrepreneur, and the environment is scanned for business opportunities. Environmental scanning is often limited by resources available. Quinn Farms scanned the environment and evaluated opportunities in terms of economic conditions, competition, the market place, as well as legal, technological and other considerations.

The condition of the traditional agricultural economy was discussed explicitly in terms of Bob's personal goals. Depressed prices, rising costs, and the absence of control over price and marketing were all factors that led Bob into seeking alternative profit generating opportunities. Bob concluded that there was an overall profitability problem that needed to be addressed:

“The farm wasn't big enough to support two families.”

Bob considered conventional solutions, but for a number of reasons (lack of available land for purchase, competition from other area farmers, a desire to utilize information and entrepreneurial skills and knowledge gained in California), and the inherent problems with the traditional agricultural economy cited above, he decided to take the time to examine other avenues for increasing revenues. Scanning the environment for opportunities, Bob discovered the organic grains industry. The initial evaluation was positive because through interview, personal research and department of agriculture studies, Bob found that :

“The organic grains industry is growing at 20% per year.”

Concurrently with evaluation of the organic grains industry, Bob had undertaken (since 1977) an investigation of a new durum wheat variety. This work consisted of researching the origin and properties of the wheat and propagating it on his farm. The eventual result was registration and varietal protection in the United States and Canada as well as trademark protection for the new variety trade named Kamut[®]. The grain was first introduced into the health food segment of the market as a pasta product in 1989 because

of its strong gluten properties (which made a superior whole grain pasta).

Bob characterized the market place for the organic grains industry as being well suited for small producers because of short distribution channels, a cooperative spirit among channel members, and frequent contact between the producer and the final consumer. Competition is limited mainly because at the time demand exceeded supply, and demand is perceived to be increasing at a steady rate.

Legal protection was gained Quinn Farms in two ways. First, protection was offered under the umbrella of OCIA (Organic Crop Improvement Association) which allowed Quinn Farms to market their grain under the 'Certified Organic' label; and second, trade mark and varietal registration for Kamut[®] brand wheat gave Quinn Farms exclusive right to grow, sell and authorize others to grow Kamut[®].

Technological considerations were largely related to meeting the requirements of OCIA by substituting, for example, biological control of insects for chemical control. Bob's other consideration was maintaining a grasp of the changing market. A partial solution to this problem engendered the receipt of some thirty to fifty publications on a regular monthly basis. These publications ranged from subscription magazines to manufacturer and wholesale trade publications, and were used to scan the environment and keep current with the technological, marketing and political environments. These publications provide the first line of environmental scanning, from which Bob develops personal contacts in areas of interest. Publications are also a mainstay of the information system used to monitor environmental changes.

Bob Quinn scanned the environment for opportunities in the area of alternative crop production that were consistent with personal interests and internal strengths. The Montana farm, although not placed optimally for economical distribution, was well located in terms of the perception of consumers of a clean non-polluted production environment.

4.3.4.2 Key Result Analysis for Other Cases Participants

Given the theoretical basis on which the case participants were evaluated (lack of personal and company resources limits the environmental scan), all niche marketers in the study displayed strong skills in environmental scanning. These managers knew their personal strengths and weaknesses.

Bill and Vera Mocoski scanned the environment for opportunities that would provide the income to meet their personal goals. They allocated the time necessary to research potential alternatives, and in particular evaluated threats from other U-Pick operations. They considered price competition, projected sales in terms of market potential and market share, and researched industry trends. Estimates of market potential were derived from research conducted by market garden associations in the United States and by comments from other Alberta growers. Bill sized up the market with the following comment:

“A rule of thumb in the industry is that a market size of 2000 (population) is required for each acre of strawberries and the physical distance a producer can expect to draw from is a 50 kilometre range. With 22 acres of strawberries in production and a potential population of 100,000, we feel there is plenty of room for more berry sales.”

Rod and Shelley Bradshaw evaluated diversification opportunities that fit the resources of their farm. Crop alternative choices that were suitable for the agronomic conditions present in the thin black soil zone (adequate moisture, cool nights, loose textured soil) and that were compatible with the interests and management abilities of the shareholders were assessed. Rod summed up the situation analysis for BECK Farms as:

“Traditional crops are a mainstay of the region but we do not see prices rising for these products in the future. Health conscious consumers are increasing their vegetable consumption and even at maximum production BECK would only contribute 3% of the Alberta market which shouldn't disturb the big players.”

Roger Stein scanned the environment for opportunities that fit their general criteria. The Steins wanted to develop their own small business in an area of their expertise. They chose the city of Lethbridge because they had both lived and worked in the city where they knew the industry, and so could assess competitive threats and environmental opportunities more easily. The Steins found that only sketchy information was available on the potential market. Most of this information was in the form of rules of thumb derived from American studies. These rules of thumb indicated that new home owners should spend 15-30% of the cost of the home on landscaping the actual expenditures appeared to be closer to 8%. The Steins concluded that if the Lethbridge market followed these national figures, then there was potential for a good landscape architect with well developed marketing skills to develop a niche in the city.

4.3.4.3 Comment on Cross-Case Pattern

Case study participants were selected from a variety of personal and professional backgrounds with a wide range of personal and company goals and resources.

**TABLE 4.8
CROSS-CASE COMPARISON FOR SITUATION ANALYSIS**

KEY RESULT AREA	CASE 1 QUINN	CASE 2 MOKOSKI	CASE 3 BECK	CASE 4 STEIN
Scanned for opportunities	strong	strong	strong	strong
Assessed threats	strong	strong	strong	strong
Evaluated internal resources	strong	strong	strong	strong
Personal goals considered	strong	strong	strong	strong

A commonality among participants was their interest and ability in environmental scanning. This ability was most evident in the range of scanning that was undertaken, and the thoroughness with which each opportunity was evaluated with respect to the key result areas of this stage of the strategic planning process.

4.3.5 Selecting a Strategic Direction

Following an analysis of strengths, weaknesses, opportunities and threats, selecting a strategic direction consists of taking all of this information into consideration in evaluating various options and selecting a major strategy that is internally consistent and feasible. The first of the key result areas for this stage reflects this process. In discussing this step, Ibrahim (1992) refers to three criteria for selecting a strategy: internal consistency, feasibility, and establishment of a fit between the company and the environment. Other key result areas reflect the three step process identified in the normative model. First the issues should be clearly specified, then options generated, and finally a strategy chosen following an identifiable (often intuitive) method. Cross-case analysis for these key result areas is presented in Table 4.9.

4.3.5.1 *Key Result Analysis for Quinn Farms*

The Quinns clearly followed the criteria discussed by Ibrahim (1992): the strategy chosen was internally consistent (e.g. leasing cattle to a neighbour was consistent with Bob's knowledge and desire to concentrate on alternative crops), their strategy was feasible, and it provided a fit between the company and the environment. Feasibility was accomplished through the approach of implementing the strategic plan in stages, moving away from livestock, and gradually converting the farm to the production of organically grown alternative crops. Their strategy provided a fit between the firm and the environment. Because the farm was suited agronomically to growing grains organically, it fit Bob's interest and expertise and it focused on a growing segment of the agriculture economy. Furthermore, the Quinns maintained a philosophy of contingency planning that has provided for the flexibility in production to vary acreage of individual crops to comply with changing national and international markets.

Summarizing the key elements of issue specification, option generation, and strategy selection. Bob clearly delineated the issues when, for example, he specified that products chosen must fit a narrow, identifiable market niche. Bob made the predecision that he

would first consider options that related to alternative crops rather than livestock options, and proceeded to scan the environment for opportunities. He stated definitively on several interview occasions that the combination of what was sound agronomic practice for their farm and which crops were likely the most marketable were the two key criteria for trying an alternative crop.

Choice of strategic direction was based on the implementation of these criteria considering the Quinns' long-term objectives and with a contingency philosophy as an integral part of the strategic plan. The strategic direction chosen was narrow enough to achieve focus, but broad enough to allow tactical changes of a contingent nature

Quinn Farms' major objective was to be profitable; that is, to provide sufficient income to support two generations on the farm and to provide sufficient income to ensure financial security for Bob's immediate family (after construction of the flour mill complex the additional objective of becoming debt free by the turn of the century was added). Under conditions that existed for production and marketing traditional farm products, this objective was not seen as assured or viable.

Products, according to Bob: "must have the characteristics of a fitting narrow, identifiable marketing niche that is difficult or uneconomic for the competition to duplicate."

To increase farm income by non-traditional means, six strategies were developed by Quinn Farms that follow more or less in chronological order and in order of complexity of the decision or risk taking behaviour. These strategies are summarized below.

4.3.5.1.1 Leasing livestock to neighbours.

The move away from livestock production provided more time and resources to implement alternative cropping and marketing strategies. This strategy was adopted for reasons of personal preference as well as economic arguments. Bob, who holds a Ph.D. in plant biochemistry, is more interested in grain and forage crop production than in the production and sale of livestock. Leasing out livestock provided several benefits for Quinn Farms.

First, Bob was able to maintain an interest in cattle in the event that some crop rotations were not as financially successful as anticipated. Second, it made available time resources at critical planting and harvest times, and reduced the farm's dependence on hired labour at these critical, management intensive times. Third, it made time available in the winter months for Bob to be absent from the farm for extended periods developing markets and gathering production expertise from specialist resources.

4.3.5.1.2 Growing traditional crops using different agronomic techniques to reach different markets

Quinn Farms' first use of this strategy consisted of two developmental stages. Bob began by shipping high protein grain (cleaned by a local company) via producer cars to California bakers who milled the wheat at their bakeries. Quinn Farms moved to stabilize production by developing long-term rotations including forages to insure a better nutrient balance to achieve more consistently high protein levels. Bob found two difficulties with this strategy. First, despite the best agronomic efforts, protein levels remained inconsistent, and second, the market was unprotected. That is, it was open to competitors, and therefore unreliable as a long-term strategy.

4.3.5.1.3 Growing specialty crops that fit the agronomic requirements of crop rotation and chemical free production

Bob developed a complex crop rotation over a period of years as markets developed for various crops. Maintaining organic certification requires disease control which dictates a basic crop-rotation design. In addition to this are the requirements of growing crops for specific markets as they develop, and of ensuring an adequate level of crop nutrients through the correct insertion of legume green manure crops into the rotation.

Quinn Farms move into certified organic grain production following the requirements of OCIA which was a strategic decision consistent with long-term mission and goals. However, according to Bob,

“We had hoped that producing and selling certified organic grains would have

given us a greater level of protection. We didn't think the competition would move in as soon as it did."

With the organic grains industry growing, this market became a target for larger grain and flour companies like General Mills. This change was outside of the expectation of organic producers at the time.

4.3.5.1.4 Providing value-added processing for specialty markets.

In response to increased competition, a strategy of adding value to the product was undertaken. Added value was derived from two sources: increased processing and customer service. Further processing added value to the physical product. Seed cleaning for export grains and milling for the domestic baking industry were two strategic responses undertaken by Quinn Farms. On the marketing side, continued direct contact with Quinn Farms established a customer base facilitated by annual visits by Bob to each customer's place of business. Furthermore, invitations were extended to customers to visit Quinn Farms during the growing season. Bob states:

"Customer service is the key, it is the most important distinguishing feature of how we operate. It is also the best part of this job for me. When I grew conventional crops and sold them through the regular channels I never met the consumer, now I meet and deal directly with people that consume my product and it gives me the most satisfaction. Customer service is important and rewarding for both the producer and the consumer."

Bob's attitude is reflected in a production and marketing strategy that is consistent with the criteria established by Shami and Shalasanani (1991) for a niche market, and is also consistent with Bob Quinn's personal goals and the Quinn Farms' company objectives.

4.3.5.1.5 *Concentration on heritage grains sold under the Kamut brand name*

Quinn Farms' venture into the production of so called "ancient" or "heritage" grains is illustrative of strategic planning. First, varietal certification and brand registration represent a progression in developing a protected niche consistent with the business objectives of Quinn Farms and the personal goals of Bob Quinn. Second, the strategy is consistent with long term production and marketing strategies exemplified by fulfilment of the requirements to become a certified organic grower (consisting of a minimum three year chemical free production requirement); and third, it contributes to the increased profit per hectare required to satisfy the Quinns' family goals (organically grown crops sell at an estimated 25 percent premium and, once a production process is established, are produced at an estimated 80 percent of the cost of growing crops in a conventional manner).

4.3.5.1.6 *Provide greater autonomy to the flour mill as a separate strategic business unit*

Bob Quinn reported that:

"The mill was built as a customer service. If customers had not demanded further processing we would have preferred to continue selling whole grains and leave the milling and other processing to them."

The establishment of the mill represented another example of strategic planning. The mill was established as part of a strategic plan to maintain the existing customer base. There is an estimated ten-year payback on the mill investment, and it represents the first time that Quinn Farms was required to finance an investment outside of equity capital.

4.3.5.2 *Key Result Analysis for Other Cases*

The other cases produced evidence that the decision-makers followed the criteria identified by Ibrahim (1992). Strategies were internally consistent (each developed strategies that were coincident with internally established objectives and personal goals), strategies fit the environment (e.g., increasing concern over the quality and nutritious value of imported fruits has provided an impetus for increased interest in U-Pick opera-

tions, and toward the purchase of locally grown vegetables). The cocooning trend has increased interest in activities that are home based and which enhance leisure time activities such as home entertainment and landscaping.

All cases participant specified the issues they had to deal with, researched the opportunity and delineated the problems.

The Mokoskis, the Bradshaws and the Steins all recognized competition as a major issue. For each of these businesses, competition posed the problem of both decreased price and decreased market share. Bill Mokoski stated that:

“The problem when we first started raising strawberries was that one of our competitors (who has since gone out of business) brought his business practices from British Columbia where selling prices were \$1.00 per pail below the Alberta average price (\$6.00 per pail). This made it difficult for us to raise price even after they ceased production. WE slowly, over the years had to inch prices back to the provincial average.”

The Steins had the added pressure of selecting a strategy that would enhance long-term objectives (landscape architecture), while maintaining short-run cash flow (spring clean-up and lawn maintenance). Roger stated:

“I had worked for both of my main competitors; one was high end but specialized in the Japanese Garden style and the other I knew had lost customers because of the greater peak demand than the time he had available. I felt I could compete if I priced right and offered a distinctive product.”

A more complete list of options was generated by the Quinns than any other of the case participants. In the other cases, options were generated to the point at which personal and company objectives were met. This is evidence of satisficing behaviour because once the main criteria have been satisfied, the search for new options ceases. Rod

Bradshaw of BECK Farms noted:

“ I think we are a true niche marketer, we can't compete on the same basis as other international vegetable producers (e.g. price) we have to anticipate the market and go where the competition isn't. That meant that when we started in carrot production we grew Nantes variety. This variety is weaker and so you get more breakage at harvest (greater wastage) but we did not try to sell for a higher price. We used the sweeter taste of this variety as the selling feature for both ultimate consumers and in dealing with wholesalers. Now we are trying to size our package to suit the consumer. We try smaller packages for singles rather than family packs and we try distributing to non-traditional channels like farmers markets and camp grounds even though food wholesales continue to be our major market.”

The final strategic choice, according to the literature reviewed, normally involves concentration on one primary strategy that may be adapted on a contingency basis. In the Stein and Bradshaw (Beck Farms) cases, both deferred from selecting a primary strategy in favour of elevating the tactical or contingent aspect of the decision. That is, selecting one among many possible long-run strategies was contingent on an evaluation of each years tactical plans. For the Steins the need to be profitable in the first year of operation meant that a compromise must be reached between the tactic of building an image of a professional landscape architect with the tactic of accepting any contract that would contribute to cash flow. For the Bradshaws and their partners there was no clear indication that crops grown could be marketed, as it was not possible to lock wholesalers or retailers into firm contracts even over the short-term (current growing season).

4.3.5.3 Comment on Cross-Case Pattern

A cross-case assessment of the degree of commitment to the key result areas relating

to selecting a strategic direction is presented in Table 4.9.

Case study participants who developed a strong sense of their company objectives based on an assessment of personal needs and the strengths and weaknesses of their companies were at an advantage in identifying the criteria and specifying the issues involved in the strategic planning process. Option generation was subject to predecision behaviour, and the number of options considered appeared to be subject to the degree of confidence in the longevity of the strategic plan. Selecting a strategic direction consists of considering all evaluative information from the first four stages and selecting a major strategy that is internally consistent, feasible, and maintains a fit between the company and its environment.

TABLE 4.9
CROSS-CASE COMPARISON FOR SELECTING A STRATEGY

KEY RESULT AREA	CASE 1 QUINN	CASE 2 MOKOSKI	CASE 3 BECK	CASE 4 STEIN
Criteria identified	strong	strong	strong-moderate	strong-moderate
Issues specified	strong	strong	strong	strong
Options generated	strong	moderate	moderate	moderate
Strategy chosen	strong	strong	moderate	moderate

4.3.6 Strategic Plan Implementation and Control

The focus of this study is on the analysis of the strategic planning process of agricultural decision-makers. Consequently, data were gathered and assessed with specific reference to the process that case-study participants used to arrive at a strategic direction. Accordingly, although strategic plan implementation and control are important steps in the strategic planning process, indepth analysis was not undertaken on these steps. Financial planning was a major part of the strategic business plan for the farm and the mill, particularly after they went through the process of obtaining credit for construction of the

mill. Bob uses cash-flow budgets and proforma income statements for operational and strategic planning. Proforma budgets are constructed for periods up to ten years. Financial planning is one area where more formal methods of planning and analysis are used, such as computerized budgeting programs, spreadsheet and computer generated income statements. Financial planning is also one of the few areas that Bob engages outside consulting (accounting expertise). Financial statements are produced for the mill and grain cleaning operation, and used to set strategic targets for product throughput. These plans are tied back into the production plans of the farm, and provide estimates of custom or contract business required to ensure efficient operation of the cleaner and mill. A complete business plan was prepared for the purpose of securing credit for the mill.

4.4 Conclusion

The decision-making behaviours of the primary (Quinn) case and the secondary (BECK, Mokoski, and Stein) cases were analyzed in this chapter. A comparison of the extent to which the key result areas of the strategic planning process matched the predicted pattern indicated in the normative model (Chapter 2) was undertaken for each case and summarized for each step of the planning process. Key result areas were determined for each step of the normative model. The selection of key result areas was based on the literature reviewed in the development of the normative model. Data collected from each case participant was analyzed for the key result areas evident in the case and compared to the normative model. The extent to which the patterns of managerial activity between the normative model and each case matched was summarized in a checklist matrix.

An explanation of the patterns of decision-making activity is developed in Chapter 5. The synthesis of explanations for cross-case patterns is presented as a model of strategic planning for the set of case-study participants.

CHAPTER 5

CONCLUSIONS

5.1 Introduction

The purpose of this chapter is to construct a model of the strategic planning process for the participants in this study. The analysis completed in Chapter 4 used the normative model developed in Chapter 2 as an analytical framework to assess the strategic-planning behaviour of the case-study participants. The normative model and the primary (Quinn) case were compared and summarized for each step of the strategic planning process. The secondary cases were then analyzed in a partial or reduced manner.

The format of this chapter is to first develop theoretical constructs from the summaries of cross-case analyses. This is accomplished by interpreting the summarized relationships using techniques of explanation-building. The objective of explanation-building is to draw conclusions about the analysis completed in Chapter 4, and to develop theoretical constructs that frame the model of the strategic planning process for case participants. Theoretical constructs are developed for each step of the strategic planning process. This forms the basis of the model of strategic-planning for the case-study participants.

In the next step, theoretical constructs developed from detailed cross-case analysis are synthesised into a model of strategic planning for agricultural niche marketers by connecting the individual aspects of the explanations, and further by imposing the explanation-building process on the data from a global or general perspective. The chapter concludes with a discussion of possible directions for future research.

5.2 Theoretical Constructs from Cross-Case analysis

The detailed analysis of the case participants for each step of the strategic-planning process is examined in this section for the purpose of assessing the fit between the actual planning practices and proposed theory. The objective is to build explanations for the observed decision strategies of the case participants, and to develop theoretical constructs about these relationships.

The basis for building theoretical constructs for each step of the strategic planning process is continuing the practice of comparing the degree of correspondence between theoretical and observed patterns by extending the use of Miles and Hubermans' (1984) decision rules. These rules, introduced in Chapter 3, are applied to each step of the strategic-planning process. Recall that a pattern-match is successful when the majority of the key predictor variables (key result areas) are the same (a part of the analysis in Chapter 4 and summarized in Table 5.1), the most immediate predictor variables (the key result areas nearest to the niche marketing planning event) are the same, the common predictors have similar ratings (strong, moderate, or weak), and the narrative confirms the similarity of the outcome theme. These rules were used to establish literal replication (the results of cross-case analysis produced analogous results). Also, theoretical replication (Yin, 1994) was established where the outcome themes were different but for predicted reasons.

To conclude this process and develop the theoretical constructs for the strategic planning model for case participants, and aid to explanation-building (establishing causal links), the predictor variables were examined to determine the sequence of occurrence.

5.2.1 The Decision to Plan

Agricultural niche marketers were strongly motivated to plan strategically. There were future benefits which ranged from expectations of long-term profitability for the business to the personal goals of financial independence and job satisfaction. The time available for planning did not appear to influence the desire to plan, or in fact the quality of the plans that were eventually produced. Past success reinforced the desire to plan. Niche marketers combined personal and business goals in their planning practices, a factor consistent with the actions of other small business managers.

Once the decision to plan had been made, the actual planning activity was undertaken largely as a personal exercise. That is, the use of outside consultants does not appear at this stage of the planning process. Family members were consulted in most cases, as were

TABLE 5.1
CASES IN WHICH KEY RESULT AREAS APPLIED

STEP IN PROCESS	KEY RESULT AREA	CASE AREA IMPORTANT
Decision to plan	History of success	Quinn, Mocoski
	Expected future benefit	All
	Time available for planning	Mocoski
Mission	Interrelated goals	All
	Long term orientation	Quinn, Mocoski, Stein
	Plan with broad purpose	All
	Defined scanning criteria	Quinn, Stein
Objectives	Objectives specific	Quinn
	Defined Planning Horizon	Quinn, Mocoski
	Objectives established using qualitative measures	Quinn, Mocoski, Stein
	Objectives established using quantitative Measures	Quinn, BECK, Stein
Situation Audit	Comprehensive situation analysis	All
Strategic Direction	Criteria identified for selecting a strategy	All, Strongest by Quinn, Mocoski
	Strategic issues identified	All
	Strategic options generated	Quinn
	Single strategy chosen	Quinn, Mocoski

chosen members of the manager's reference group (friends and relatives). These individuals had knowledge in specific areas of planning and/or production which appeared incidental but useful to the decision-making group.

The theory supporting the normative model suggests that the decision to plan is a function of a positive outlook on the planning exercise which is based on past success, expected future benefits, and time available for planning. The Predictor-Output-Consequences Matrix in Table 5.2, summarizes this relationship for the normative model. The actual experience of the case study participants suggests that an expectation of future benefits is the prime driving force for allocating time to the planning function. Past

success and time available for planning contribute to a positive outlook, but are not necessary precursors to the initiation of the planning process. Planning may take place in the absence of a history of success, or where time for planning is considered inadequate by the manager. For example, neither Bob Quinn, Rod Bradshaw, nor Roger Stein indicated that they were able to devote the time to planning that they considered necessary to develop a complete strategic plan (see Table 4.5). Also, Roger Stein and Rod Bradshaw did not have a history of success in areas related to the niche market venture.

TABLE 5.2
PREDICTOR-OUTCOME-CONSEQUENCES MATRIX FOR THE DECISION TO PLAN

PREDICTOR VARIABLE	OUTCOME	CONSEQUENCES
History of success	Positive outlook to planning	Managers make the decision to plan
Expected benefits	Positive outlook to planning	Decision to plan
Time available	Positive outlook to planning	Decision to plan
Personal needs company goals entrepreneurial spirit	Factors interrelated	Decision to plan

However, each of these managers, by their entrepreneurial nature, indicated a positive outlook toward strategic planning and the benefits of developing a long-term perspective. This is an important factor in the construction of the strategic planning model. The causal relationship between expected future benefits and the decision to plan, based on the results of pattern matching and explanation-building procedure, is a feature of all case studies analyzed. When future benefits were expected from planning, they occurred. This is a clear indication of literal replication, and because the relationship between the variable and the outcome maintains the same sequence, the requirements for explanation-building are also met. A history of success and the time to plan are not sufficient to ensure that strategic planning takes place. The Quinn and Mokoski cases demonstrated a degree of past success in similar ventures. These cases illustrate the supportive role of

past success, and it is hypothesised that this variable may contribute to greater commitment to the plan, however the fact that others without a history of planning success remained committed to the planning process reinforces the supporting role of this factor.

5.2.2 The Organizational Mission

Consistent with the theory on small business management, the contextual relationship of the close combination of personal and business goals was important to the strategic-planning process for the agricultural niche marketers in this study. Drucker (1975) poses two key questions for managers to answer at this stage of planning. The first, "What business are we in?", was not relevant to these situations, because they were new enterprises and not existing businesses. The second, "What business do we wish to be in?", was considered within the context of the relationship between personal and business goals. For example, the question posed by the entrepreneurs in this study was "What business do we think will meet our long-term personal goals?" This question, which is strategic in nature as is Drucker's question, contains much more of an element of contingency. Taking this discussion further, case study participants appeared to build into the strategic plan an allowance for contingency which implies an incrementalist approach (discussed by Lindblom, 1959), which is consistent with Gilmore's (1971) approach to reappraising existing strategy to take advantage of environmental changes as they arise. For example, Rod Bradshaw of BECK Farms saw himself as a true niche marketer, not competing with the big players in the vegetable production, but monitoring the environment and producing to fill the gaps in the market. For the case-study participants in general, the company mission was a broad, long-term commitment based on personal goals that was not product based (i.e., defined and fixed long-term resource commitment), but oriented toward adapting the plan as required by the changing environment. The mixed-scanning approach described by Etzioni (1937) is a method of answering the question "Are we making satisfactory approach to the plan?" Using this method, the

manager makes a general assessment of the opportunity similar to the early steps of the rationalist model. However, detailed analysis is undertaken only on the options that are compatible with the strategic plan. In this case, predecisions are made that limit the number of opportunities that must be evaluated. Managers continue to implement tactical decisions and manage on a contingent basis within the strategic framework. The managers of Quinn Farms and Mokoski Market Farms exhibited this management behaviour by maintaining a focused growth strategy (high return per acre and a value-added approach to service and processing) that took advantage of the changing environment (increasing consumer interest in organically grown grains and vegetables). The difference between mixed scanning and incrementalist management decision-making action is that incremental decisions need not necessarily be made with reference to an overall strategic plan. Although it is a subject of recommended future research, there are some general comments that can be made about the decision-making activities of the case-study participants. Bob Quinn actively utilized the mixed scanning approach. Moving from raising livestock to the production of grains to meet the standards of O.C.I.A. (Organic Crop Improvement Association) required many incremental decisions that were contingent on the internal and external environment of the company. Quinn Farms responded to the increasing demand for organic grains with increased production which also required the testing of biological controls for insects and weeds. Roger Stein made some decisions that could be categorized as mixed scanning. The long-term goal to build landscape architectural business was developed by monitoring the market place and building a portfolio based on the changing opportunities. Roger Stein also operated contingently in an incrementalist mode by accepting contracts that brought in immediate cashflow that were not in concert with the long-term strategic plan. These activities included spring yard clean-up and sodding. This discussion continues in Subsection 5.4 of this chapter.

5.2.3 Setting Company Objectives

The specification of company objectives operationalizes the organizational mission. The literature suggests that company objectives should be specific and quantifiable, and that these measures should apply to a planning horizon of definitive length.

The analysis of the data gathered from the case participants showed that they developed qualitative objectives based on the blending of personal and company goals. These goals were specific and applicable to a specific time horizon. Examples are the objective of achieving an independent rural lifestyle within five years (Mokoski) and the objective of providing for the needs of a growing family, while maintaining a farming lifestyle and simultaneously achieving the goal of good stewardship of the land (Quinn), are multiple qualitative goals that contain an unspoken quantitative element of financial achievement. Achieving an independent lifestyle, for example, or providing for the needs of a growing family suggest a business profitability that is sufficient, in the opinion of the manager, to satisfy the qualitative goal. The case study participants did not set specific financial or other long-term quantitative goals. Most were, however, familiar with accounting and financial management systems and maintained accurate records of the costs and returns of their niche marketing enterprises. Mokoski Market Farm, for example, is noted by Agriculture Canada and Alberta Agriculture officials for the detailed records of the cost of production for strawberries and vegetables on their farm. Similarly Quinn, Bradshaw and Stein were conversant with the costs of production for individual enterprises for each production year.

An explanation, consistent with the circumstances for many agricultural niche marketers, may be the combination of the niche enterprise being both new and unique (there is no history to draw on either on the participants farm or from the agricultural community in general) and these entrepreneurs being familiar with collecting and calculating costs, but not necessarily so with the management accounting functions of price setting. This latter circumstance could arise out of the fact that participants who have a traditional

agricultural background (Quinn, Bradshaw) have experience (history) in a price-taking rather than price-setting industry, and are used to seeking profit through management of cost of production rather than marketing, sales and pricing strategies.

Operating traditional grain operations, for example, where output is sold through a marketing agency, requires the manager to carefully control the costs of production as a means of responding to changing environmental conditions that influence price.

5.2.4 Situation Analysis

Taking stock of the situation consists of what is commonly referred to as a S.W.O.T. (strengths, weaknesses, opportunities, threats) analysis. In terms of assessing opportunities, the literature reviewed suggests that small business differ from large corporate firms by relying less on formal means to scan the environment, and that they often scan in a narrower field.

The key result areas for this step are associated with the individual elements of the S.W.O.T. analysis. That is, it was considered important for the small business to assess their personal and corporate strengths and weaknesses, and to scan the environment for potential market opportunities and be aware of possible threats to existing enterprises.

The criteria used to assess the strength of the commitment of the case participants to a S.W.O.T. analysis was relative to other small business rather than to large corporations. That is, under the assumption that small businesses use less formal means to scan the environment, the relationship would be how this group of niche marketers rated with what would be expected of other small businesses. The participants in this study were conscientious in their efforts to scan the environment as completely as their resources would allow. The owners of Quinn Farms, for example, receive thirty to fifty publications per month, which are used mainly to scan the environment for new marketing opportunities. The study group limited environmental scanning to those opportunities that broadly fit their interests and resources. To summarize this relationship, the data indicate that the

assessment of resource capabilities is central to the situation analysis. An inventory of resources consists of a blend of personal and business attributes and preferences. The assessment of the contribution of these resources by the manager, influences the degree of environmental scanning that is undertaken because only opportunities that fit the requirements of personal preferences are considered. Company resources are considered in a broader context and opportunities are assessed with respect to resources available, but the managers have indicated interest in developing new skills and knowledge required to take advantage of a niche opportunity. For example, Bill and Vera Mokoski built the knowledge and skills required to operate a successful market garden operation focused on strawberry production (a demanding crop).

5.2.5 Selecting a Strategic Direction

The decision to plan, to articulate a corporate mission and to operationalise the mission by developing company objectives and completing a S.W.O.T. analysis all provide background information used by the manager in choosing a strategic direction. The literature reviewed, identifies three criteria for selecting a strategy: internal consistency, feasibility, and a fit between the company and the environment.

*TABLE 5.3
PREDICTOR-OUTCOME-CONSEQUENCE MATRIX FOR SELECTING
A STRATEGIC DIRECTION*

PREDICTOR VARIABLE	OUTCOME	CONSEQUENCES
Internal consistency	Criteria met	Strategy with greater success potential
Feasibility	Criteria met	
Environmental fit	Criteria met	
Issues specified	Focused strategy	Concentrate on one primary strategy
Options generated	Optimal selection available	

The actual selection, according to the relevant literature, should follow a three step process: specify the issues, generate options, and choose a strategy.

This last step is a focal point of analysis for this study. The key result areas for this step were chosen to reflect the criteria and process sequence suggested by the literature, and the objective of data collection was to gather information relevant to the participants strategy selection.

The primary (Quinn) case provided the clearest indication of strength in all of the key result areas for this step. Data gathered from other cases indicated that participants identified the criteria and issues, but options were generated only to the point where one was identified that satisfied the criteria set out. Selecting options using this procedure is referred to as satisficing behaviour and was the primary form of predecision behaviour. Satisficing behaviour was first described by Simon (1957) as a means of simplifying the choice problem in order to bring it within the power of human computation. Simon's theory replaced maximizing and optimizing behaviour that selects a course of action that is "good enough". Simon describes this behaviour as an application of the principle of "bounded rationality". Satisficing is a characterization of rational choice that models adaptive behaviour in a more realistic manner than does optimizing or maximizing which require a more complete evaluation of alternatives.

The explanation for these observations rests first on the criteria for the normative model. The strongest relationship between the actions of the case participants and the criteria of the normative model was in terms of internal consistency and feasibility. The participants evaluated their internal strengths and took steps, where necessary, to develop competence in areas where they were lacking in expertise as suggested by the opportunity being evaluated. Also, the opportunity was evaluated from a cost perspective to determine the feasibility of financing it. Establishing a fit between the company and the environment was generally accomplished by all participants. However, one reason for the deferral from selecting a primary strategy in the Stein and Bradshaw cases was the lack of confidence in

the fit between company resources and environmental opportunities in the long run. This condition may relate through the decision-making process to the lack of resources available for complete environmental scanning and the disposition of these participants to make option-limiting predecisions based on contingency variables. For example, the decision to embark on carrot production by BECK Farms was compatible with company resources. However, it was unknown to the case participants whether this niche would be viable in the long run. The Bradshaws decided to continue production on a contingency (incrementalist) basis evaluating the project yearly. The managers operated in this manner until the commitment to acreage increased to the point where investment in storage and processing was required, which also necessitated the development of a long-term strategic plan.

The normative model makes provision for tactical decision-making based on contingency planning within the context of a primary strategic direction. An example of this behaviour is illustrated by the Quinn Farms case cited earlier, where confidence in the strategic direction provided a framework for contingency planning consistent with Etzioni's (1973) presentation of the mixed-scanning approach. Similarly, lack of confidence in the primary strategic direction led to increased reliance on short-run (contingency) plans and reluctance to commit resources to a long-term strategic direction by BECK Farms. History may also play a role in this planning behaviour. Planning in a traditional agriculture setting was oriented to contingency planning for the individual, the role of strategic planning having been the prerogative of a government agency or marketing board in Canada and a large multinational grazing company in the United States.

5.2.6 Implementation and Control

Selecting the appropriate tactics to assure performance of the strategic plan is the action aspect of this step. Study participants achieved implementation of their strategic and contingency plans as evidenced by production and marketing success. Consistent with the literature reviewed on small business, the niche marketers studied did not de-

velop written implementation policies as would be expected of large corporate business. Because of the short management and administrative channels and operating with few employees, formal policies were not required to achieve production and marketing administrative efficiency. The manager in these studies acted as a general manager, controlling all aspects of the operation. For example, Bob Quinn maintained control of strategic operations, and was responsible for day-to-day operations from his return to the farm in 1978 until he hired a full time manager for the flour mill in 1992.

Monitoring the success of the strategic plan requires the selection of an effective monitoring systems. Consistent with the theory reviewed for the development of the normative model, the niche marketers in the study maintained basic financial records including historical income statements, cash flow statements, balance sheets and proforma income statements and production plans. These financial instruments were analyzed on a yearly basis, and the results incorporated into decisions about the next year's production and marketing efforts. Also, as suggested for small business, case-study participants did not utilize other sophisticated planning models such as production or marketing simulators or benefit-cost analysis.

5.3 Generalized Model of Strategic Planning for Niche Marketers

The cases were selected because they are small agricultural niche marketers, because there was evidence of long-term goal setting (consistent with general planning and may point to more detailed strategic planning orientation), and because together they offered the variety of backgrounds required to ensure generalizability and comparability to the normative model. The primary (Quinn) case was chosen in this role because of the depth and breadth of the information available which was required to develop the detailed step-by-step comparison with the normative model.

In general terms, the agricultural niche marketers in the study developed their planning activities and methods comparable to the normative model for small business pre-

sented in Chapter 2. The actual planning practices of agricultural niche marketers were, as predicted, closer in nature and scope to those of other small business than to the practices of large corporate business.

However, planning practices differed from the normative model in some important respects. The case participants devoted less time to the development of specific strategic objectives. Managers concerned themselves with articulating a company mission that was compatible with personal goals and proceeded to scan the environment for opportunities that were consistent with this overall set of goals.

The actions of agricultural niche marketers in this study were unique with respect to the entrepreneurial component of their managerial behaviour. All case participants displayed entrepreneurial spirit in terms of their willingness to take a risk in a new, untried venture. Where possible, they did not enter into uncertain situations, but carefully assessed the risks of each key decision point. Ilbery (1985) relates this risk reducing behaviour to Simon's (1957) satisficing strategy discussed earlier. According to Ilbery (1985) decision makers avoid risk by following a pattern which is already established and because information is not a free good and managers have limited analytical capacity they will evaluate alternatives to the point of satisfying a set of criteria that combines personal and business objectives. This theory was a basis for later models such as the mixed scanning approach discussed by Etzioni (1973).

The case participants Quinn, Stein and Bradshaw chose options that were in harmony with their internal strengths (internally consistent with respect to the S.W.O.T analysis of the situation audit step), and reduced risk when possible. Bob Quinn's management decisions illustrate these key points. Bob selected the production and marketing of organic grains, a strategy consistent with his personal interest and educational background. Furthermore, he carefully assessed the business aspects of opening the flour mill and grain cleaning business and decided in favour of the mill largely in response to the urging of his most valued customers. In another example, Roger Stein opened a business operating in the areas

of landscape design and horticultural maintenance, both areas of his interest and training. The unique aspect of this observation is that these actions are in contrast to the commonly held view that an entrepreneur is a risk taker who seeks situations of uncertainty and high risk, and often operates in an environment of high or unknown odds (Lang, 1994). From observations of participants in this study, it is hypothesised that entrepreneurs are risk takers, but the risks are assessed and controlled to the extent possible within the context of the event. The niche marketers in the cases studied did not overextend their financial or management abilities.

In terms of the theoretical discussion in Chapter 3 pertaining to the fact that the primary (Quinn) case is equivalent to a single experiment, and that the analysis of secondary cases represent the replication of the primary 'experiment', this discussion illustrates some additional aspects of theory. These cases are also illustrations of literal replication as discussed in Chapter 3; that is, participants with different backgrounds and goals arrived at a similar outcome (choice of niche marketing strategy) using an analogous process (represented by the strategic planning model). Theoretical replication is illustrated by the case of Mokoski Market Farm arriving at a decision to enter a niche market (market gardening) without a background in this industry. This decision is consistent with the model because theory predicts that where background knowledge is limited, a risk reducing action would be to develop knowledge skills about the business before making an irreversible commitment. Bill and Vera Mokoski retained their secure professional positions while undertaking to learn and experiment with various vegetable and berry crops.

The situation audit includes scanning the environment for opportunities and threats. After selecting an opportunity, the case participants acted in a contingent manner reacting to changes in the environment. As noted, some participants (Quinn in particular) managed with a keener view of long-term strategic direction than did others. The choice of strategic direction appeared to follow the constructs of the normative model more closely when case participants used option limiting predecisions to choose a strategic direction compatible

with the organization's mission. Control and feedback mechanisms appeared to be more limited than those suggested by the normative model. Case participants used a combination of quantitative and intuitive measures to judge performance. In three cases (the Mokoski case is a particularly good example), accurate cost records were combined with an intuitive assessment of the representativeness of the production year and of potential profits that could be expected on a "normal" basis for determining the future of the particular crop or agronomic practice (Mokoski market farms discontinued the production of cole crops in favour of increasing strawberry production). That is, production management decisions were based on accurate per unit (hectare, kilogram) cost records, an intuitive assessment of profit based on overall profitability, and an educated guess about per profits.

Agricultural niche marketers also differed in other ways in their approach to planning as compared with other small business. Pricing practices were especially demanding. Agricultural niche marketers appeared to be more oriented to awareness of cost of production than to break-even based on pricing objectives. This may be due in part to the necessity of adapting from a price-taking orientation to a small business price setting one. For example, although the market garden business was new to Bill Mokoski, the first enterprises that they tried was a traditional agricultural one (grain production). A contributing factor may be that while small business is often able to choose among market based, competition based, and cost based strategies, agricultural niche marketers may not have close competitors (one aspect of the definition of an ideal niche is to be unique), or indeed any competitors with a similar cost structure. These two conditions, inexperience in pricing and limited comparable data, contributed to the difficulty in setting the initial product price.

The theoretical construct representing the strategic planning model best explaining the results of analysis of case participants is presented in Table 5.4. The model is presented in diagrammatic form in Figure 1. In general terms, the agricultural niche marketers in this study engaged in strategic planning because they perceived the benefits of developing long-term business goals that are compatible with personal objectives. This plan

was broadly structured relying on the ability of the manager to adjust plans tactically as markets and other environmental conditions change. The model developed from this analysis does not weight quantitative variables such as long-term financial objectives, relying instead on yearly cost studies and intuitive forms of assessment. It is hypothesised that reasons for the confidence in the benefits to future planning include; first, that the educational background of the participants introduced the managers to the planning process and examples of planning success; and second, that the experience of the managers in this study consisted, in part, of research activities such that the managers were competent in developing information sources in the production technology and marketing aspects of the new venture.

The evolution of farm management presented in Chapter 2 highlighted the transition from the functional approach to the integrated strategic-planning approach. Harling and Quail (1992) found that successful managers thought about their business as if they were general managers. The agricultural niche marketers studied for this thesis viewed management in Harling and Quail's (1992) terms to a greater extent than in the traditionalist approach of thinking of management in terms of its functions. This is considered a difference between agricultural niche marketers and conventional farm managers, and may assist in explaining the successful integration of all of the management functions as defined by the strategic management process.

The agricultural niche marketers in this study evaluated their strategic situation from a general manager's viewpoint, and also placed the strategy in the context of the rural setting. In each case, although there was capital investment involved, this investment did not imply a substitution of labour for capital.

In all cases the niche-marketing strategy is at least as labour intensive as the status quo, and often involves both additional labour and increased capital. This circumstance provided additional family employment and often required hiring additional labour at least on a seasonal basis.

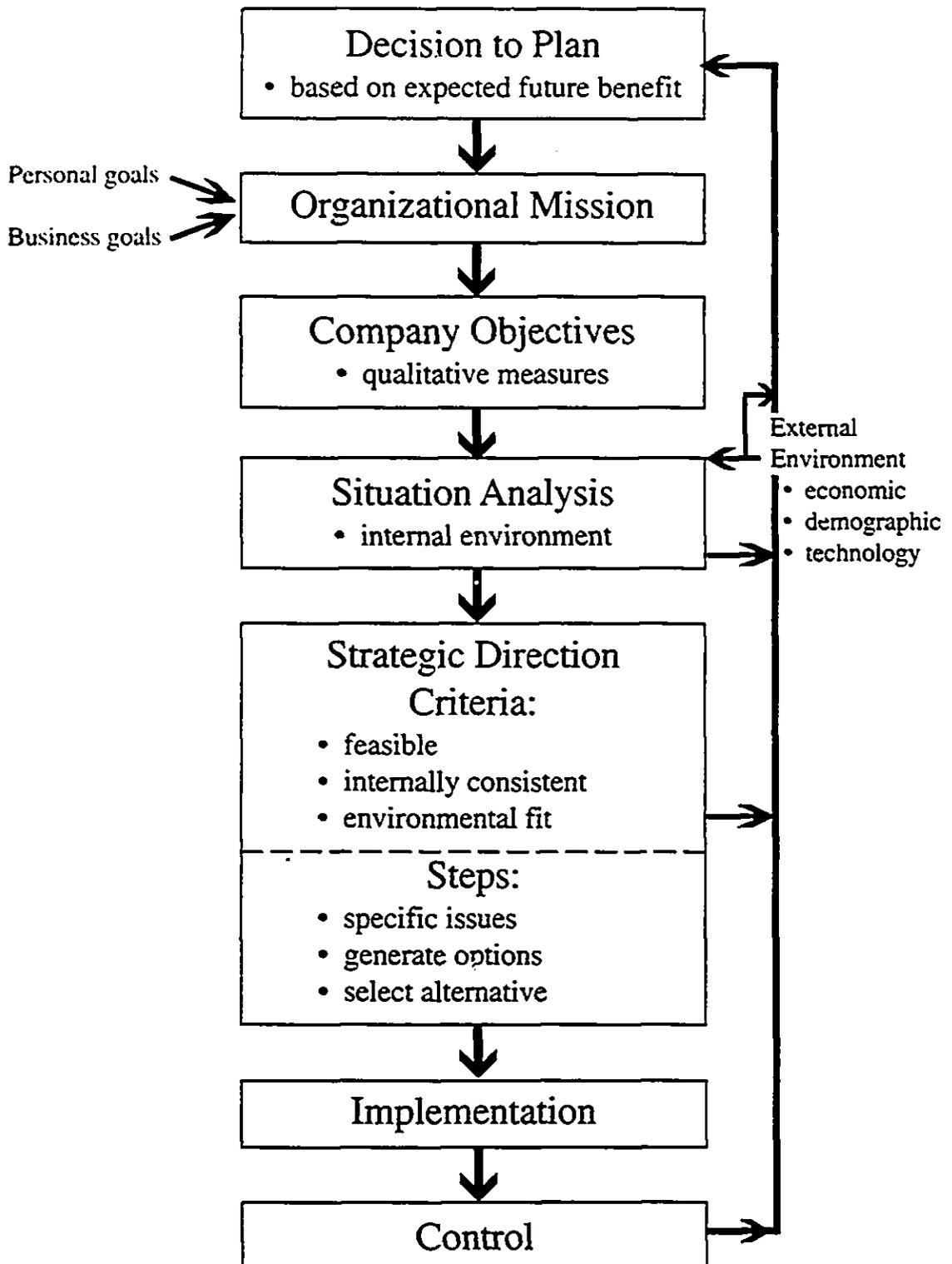
TABLE 5.4
STRATEGIC PLANNING MODEL FOR CASE-STUDY PARTICIPANTS:
KEY RESULT AREAS COMPARED TO NORMATIVE MODEL

NORMATIVE MODEL	KEY RESULT AREA	CASE-STUDY BASED MODEL
Decision based on time to plan, expected benefits, and history of success	1. Decision to plan	Decision to plan based on expected future benefit
Integrated goals, qualitative and quantitative performance objective	2. Organizational mission	Long term direction related to personal goals. Performance objectives are qualitative
Specific quantitative (financial) objectives over specified time frame	3. Company objectives	Qualitative not quantitative knowledge of costs over profits
S.W.O.T. Balanced assessment of internal strengths and environmental opportunities and threats	4. Situation analysis	S.W.O.T. internal analysis priority over external environmental analysis
One dominant long-term strategy chosen. Plan feasible, internally consistent, and achieving close environmental "fit"	5. Strategic direction	Plan feasible and internally consistent, noted by option limiting predecisions
Optional policies and procedures.	6. Implementation and control	Post sales analysis, absence of written policies or procedures, control intuitive and subjective

5.4 Managerial Inferences

Management consultants, educators and advisors have long and consistently argued the benefits of planning, both tactically and strategically. Anderson and Dunkelberg (1993) state that entrepreneurs who plan do so for a number of reasons. They say they need a "road map" for their business. Although this is essentially for their own benefit, they recognize that a business plan makes it easier for bankers to understand their business, and may help reassure suppliers and customers of the commitment of the company and its management. Entrepreneurs who do not develop formal business plans take this position for several

Figure 1:
Strategic Planning Process for Agricultural Niche Marketers



reasons. First, the entrepreneur knows that the "plan is in my head" and because it is a small firm any need to communicate the plan to others within the company can be accomplished through direct discussion. Others state reasons for not planning at all which include: there is insufficient time to plan, planning is too difficult, plans are inaccurate, and other businesses have succeeded without a plan. Another implied reason may be the entrepreneur's desire to control the management of the firm and to order the implementation of the plan.

This study has gained some insights into the planning processes of selected agricultural niche marketers, and as such has contributed to the discussion about the activity of strategic planning (the process, perceived benefits and understanding of the presence or absence of formal plans). An important issue arising from the literature is that the absence of a formal business plan does not imply a lack of planning. The literature reviewed (Chaganti, 1987; Harling, 1992; Ibrahim, 1992; Rice, 1983) cites empirical findings confirming that successful small business and farm managers have planned strategically and have articulated long-term business and personal goals in the absence of any formal plan. Business consultants and educators need to be careful not to make assumptions about the entrepreneurs' planning ability based on the lack of a written business plan.

Although none of the participants in this study started their venture with a formal business plan, two cases (Quinn and Stein) developed plans later, and one (Bradshaw) is in the process of producing a written plan. In each case it has been established that strategic planning occurred, and that the process was ongoing even without formalizing it with a written plan. There were several reasons for this process remaining intuitive and informal. Bob Quinn began developing plans in several areas simultaneously (growing and selecting Kamut®, growing grains organically, and contracting with other farmers). He started modestly and each successful venture grew into its own strategic business unit. In the case of the flour mill, Bob developed a formal business plan when he sought outside credit for the purchase of mill equipment. He further enhanced the plan when he decided to hire a manager to oversee the day-to-day operations. Roger Stein developed a busi-

ness plan soon after opening his business because he found it beneficial to secure credit at lower interest than commercial rates by applying for support through government sponsored small business incentive programs. Rod Bradshaw is developing a strategic business plan to assist in the decision to maintain the status quo, to expand the carrot production business, or to eliminate the niche from the overall enterprise structure of the farm.

Each one of these entrepreneurs planned strategically. That is, each discussed long-term personal and business goals and each was able to describe the path they envisioned to reach these goals. However, at the early stages of an enterprise the venture appears too small and insignificant to warrant the application of formal planning tools. Entrepreneurs in this study became aware as time passed and the enterprise grew of a need to more formally deal with the strategic planning component of their management.

It is important for management consultants and educators to address the business plan early in the strategic planning process of the venture so that the entrepreneur has the opportunity to develop the formal plan as the business grows. Also, as indicated in the strategic planning model developed for case study participants (Table 5.4), because a sense of future benefit is more important than past success or time to plan, it is essential that the consultant demonstrate (through example or case study) the value of strategic planning. The consultant should make the client aware of the benefit of planning from an early stage because of the learning aspects inherent in the process. That is, as the planning activity is carried on iteratively on a periodic basis, some of the criticism of planning difficulty and inaccuracy are alleviated.

This study also found that in cases where the managers were sure that there was a close fit between the plan and the environment, managers were more confident in choosing one dominant strategic plan. This relationship speaks to the importance of market research and of developing a sound marketing information system. Appropriate market research will aid in defining options, confirming choices and developing confidence in the fit between the companies resources and the needs of the market. A marketing information system should

assist the entrepreneur in tracking environmental changes (the mixed scanning approach discussed in Chapter 2) and confirming the main strategy chosen.

In a broader context, it was noted in Chapter 1 that many adaptive strategies were labour intensive and that this was a benefit in reducing the negative impact of the "technological treadmill." However, the Quinn venture increased per unit profits through the application of knowledge and entrepreneurial ability with only modest increases in capital and labour. Managers considering a niche marketing venture and consultants advising on possible avenues of market development should be aware that entrepreneurs who choose enterprises consistent with the internal strengths of their company (as Quinn did) are profiting from their knowledge. Moreover, they may require less labour and capital investment than those entrepreneurs seeking to enter an industry in which their competitive advantage would depend on the application of technology to reduce costs and/or increase sales volume.

The implications of these findings for managers of existing companies, entrepreneurs starting new ventures, consultants and educators are to suggest an increased emphasis on the types of management training that make strategic planning more directly applicable and accessible to small business. With environmental change increasing, entrepreneurs must maintain information and scanning systems that provide timely data about environmental opportunities and threats. Furthermore, with government providing less assistance, the onus will be on the individual entrepreneur to have systems put in place that serve the purpose of gathering and assimilating information, and that is also cost effective.

5.5 Implications for Further Research

The emphasis of this study was on the strategic planning process of agricultural niche marketers. Theory and practice suggest that observer-researchers will find a complex blend of contingent (tactical) decision-making occurring within the strategic planning framework. Some relationships were uncovered in the course of this research that would lead to the

development of propositions regarding this relationship. For example, to what extent did the managers who operated in a contingent manner do so cognizant of the long-term strategic direction, and to what extent were they simply reacting to environmental changes?

This study examined the four steps of the strategic planning process leading up to the choice of strategic direction, but the main focus of the study was on Step Five, the process of selecting a primary, long-term strategic direction. The implementation and control steps were not analyzed in detail. These steps are important ones in the total management planning process, and the extent to which agricultural niche marketers implement feed back and control policies and procedures would assist practitioners in advising their small business clients.

It was concluded that the agricultural niche marketers in the study acted more like general managers, taking an integrationist approach to management rather than using the conventional functional approach. Further research would determine if this tendency to integrate all of the functions of management is an aspect of the nature of the manager which may have contributed to the manager selecting an adaptive strategy such as niche marketing, or if this behaviour was learned during the management of the niche marketing venture.

In Chapter 2 it was noted that one aspect of the context within which decisions are made is the stage of the product life cycle (Hofer, 1975). That is, managers should consider the stage of the product life cycle in developing strategic plans. This study was conducted under the assumption that the agricultural niche marketers produced products that were in the introductory or early growth stage of the life cycle. Further research would be required to clarify the extent to which the manager's perception of the length of the introductory or growth stage of the products life cycle would influence the choice of key result areas of the strategic-planning process. It may be hypothesised that entrepreneurs producing commodities for rapidly expanding markets may perceive more pressure to produce and expand quickly and take greater financial risks than the managers were required to do in this study.

Further to this line of inquiry, this study provided a cross-sectional view of four

agricultural niche marketers. It is suggested that maintaining contact with these businesses in a longitudinal study as their products move through the stages of the product life cycle could provide more information about the decision-making process. For example, the action of contingency planning within overall strategic plan could be assessed and evaluated with respect to decisions to modify the product, or the marketing strategy as the product moves from growth to maturity and profits level off. Furthermore, the important key result areas at each stage of the strategic planning process could be assessed over the cycle.

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