



Strengthening entrepreneurship through coaching and developing competencies

Strengthening entrepreneurship is an important strategy for stimulating the transition to sustainable agriculture. But how is that done? One example is the Interactive Strategic Management method, which supports entrepreneurs in the creation and execution of future-focused strategies.

The environment surrounding agrarian entrepreneurs is changing fast. They have to deal with not only globalization and competition of the World market but also a national and local environment that puts demands on their production methods. In other words: the market determines if you can produce (price) and the environment determines if you are *allowed* to produce (license to produce). In this complex situation entrepreneurs must carefully calculate which long-term choices they want to make.

Diverse projects focused on increased sustainability in business management show that the most successful entrepreneurs are not those that adopt the advice of experts without further thought, but rather those that create their own strategies based on a broader perspective and integrate sustainable measures into that strategy. This finding has led to the development of the Interactive Strategic Management (ISM) method to support entrepreneurs in the formation of strategies and prepare them to work according to their own

integral strategy (Smit *et al.*, 2002; Smit 2004). ISM has three basic principles: emphasis on the entrepreneur, business in interaction with its environment, focus on actual progress or actions of the entrepreneur.

>> Emphasis on entrepreneur

Placing the entrepreneur at the center means they themselves are responsible for the content of their strategic plan rather than the advisor. The entrepreneur must therefore write the strategic plan themselves; the advisor is only there to guide and stimulate the process.

In an ISM-track the entrepreneurs are challenged to thoroughly examine their business, the environment and themselves; for example by analyzing current business performance. The entrepreneur can have a benchmark made in which he can choose which group of businesses he wants to be compared with. Based on the results of the benchmark the entrepreneur establishes – with the aid of an advisor – the strong and weak points of his business. Because the ISM-track almost always takes place in group situations, the entrepreneur can also make use of the expertise and feedback of his colleagues.

The intent is that the entrepreneur intensely experiences the entire process and simultaneously develops the competences necessary for the future of his business. You could say that the approach focuses on the *empowerment* of the entrepreneur. The literature also discusses the internal locus of control (Fishbein, 1975); the larger this internal locus of control, the more control an entrepreneur has over his own future. A small internal *locus of control* means that his future is largely in the hands of developments in his environment; things that happen to him. Research (Bergevoet, 2005) shows that working on strategic choices in groups leads to a larger internal locus of control and therefore more control over one's own future.

>> Business in interaction with environment

While the entrepreneur may be central in Interactive Strategic Management, he is by no means isolated. In present-day society, especially in the crowded Netherlands, agrarian businesses cannot be seen as an isolated link in the food chain. Depending on the proposed strategy of the entrepreneur, he must enter into a dialogue with his environment: with his neighbors concerning plans for expansion, for example, or with (new) chain partners, colleagues or nature and environmental organizations.

The role of the advisor or coach is to challenge the entrepreneur to include the developments in his direct environment or in broader



Figure 1. With the Strategic Management Tool the entrepreneur can judge his own situation by filling in scores for the three E's of Entrepreneur (competences), Enterprise (structure and performance) and Environment (market and society).

society into his strategy and to involve these in his plans. This prevents the tendency some entrepreneurs have to set themselves apart from the community ('the municipality wants nothing'). Because the entrepreneur is a part of the community he must gain more insight and learn how to deal with situations pro-actively. Strategic decision-making is about more than simply choosing the best technical-economic long-term direction for the business, after all. It's also about legitimizing the business (Schans, 2008).

>> Focus on actions of entrepreneur

Interactive Strategic Management is meant more to bring entrepreneurs in motion than to transfer (theoretical) knowledge. This also means that the supplied knowledge is often adapted to the context in which the entrepreneur must work. An example is the use of game simulations that allow an entrepreneur to calculate the necessary measures for his own business. In this way he is offered implicit knowledge which, by using his own business data, can be directly translated into his own context. The criteria for the use of knowledge is more "what works the best in these circumstances" rather than "why does this work the best and when would it work in another situation?". This approach attaches as much importance to knowledge of the entrepreneur and of his colleagues as to science-based knowledge. This applies not only for technical matters but also for knowledge about the process of making strategic choices. The core of the ISM-approach is therefore not so much to come to a total objective image of the entrepreneur, his business and environment but rather to generate so much energy and confidence that the entrepreneur can take (solid and well-founded) steps



forward. It's about simultaneously thinking and doing. Apart from that it is necessary that the entrepreneur forms as realistic an image of his possibilities as he can in order to make good plans. The interactive approach of ISM is pre-eminently suited to bringing ideas into focus (Schans, 2008).

>> ISM-training in practice

A customized approach has been developed in a variety of projects based on the three ISM principles, depending on the goal and context of the project. Here we focus on the group-training "Enterprise with vision" to support entrepreneurs in making long-term strategic choices. In order to further support the process the entrepreneur must go through, a number of web-based tools have been designed. The entrepreneur can use the Strategic Management Tool (SMT) to judge his own situation by filling in scores for the three E's:

Entrepreneur (competences), *Enterprise* (structure and performance), and *Environment* (market and society). Based on these scores, the tool calculates a score for fifteen possible business strategies. For example; developing added value for products, bulk production, economically efficient enterprise, specialization, etc.. The entrepreneur can then compare the scores of the various strategies with the strategy/strategies that he has developed for his business. The analyses result in a profile for each E. It is important that the entrepreneur doesn't think too much in terms of strong or weak, chance or threat. Whether something is strong or weak depends mainly on the context and more often than not on the (still to be chosen) strategy. An example is the location of the business. If it is situated near a village or city, a strong growth strategy is unfavorable, but a strategy focusing on direct farm product marketing is very favorable. Once again, creativity is essential.

Wageningen UR AgroCenter

Wageningen UR AgroCenter for Sustainable Enterprise is a network of researchers from Wageningen UR with the motto "putting knowledge in motion." The network strives to be a leader in strengthening enterprise in the agricultural sector through developing scientifically based methods for practical application. In order to do so the network has made strategic links with partners such as the platform *Partners voor Ondernemerschap* (Partners for Enterprise) and the *Groene Kenniscoöperatie* (Green Knowledge Co-operative) through which 'green' education is united.

The network is active in many different sectors – dairy, arable farming, greenhouse cultivation, fishery, multifunctional agriculture – and works with a variety of themes – innovation, sustainability, chain, region. Recording practical knowledge in concepts and tools is an important aspect of the network's system. These are then transferred with a 'train-the-trainers' approach to advisors or teachers. The approach designed to support entrepreneurs in the making of long-term choices (Interactive Strategic Management) is highlighted in this article. Other examples of AgroCenter projects are *PlattelandImpuls* (Rural Impulse), focused on the professionalizing of multifunctional agriculture and *Bedrijf als Schakelplaats* (The Business as a Link) in the green chain, where students can learn the ins and outs of the trade and the competences of enterprise at real businesses of entrepreneurs (Schoorlemmer, 2008). More information at: www.agrocenter.wur.nl



Figure 2. Results of the Strategic Management Tool with profiles for the three E's (Entrepreneur, Enterprise (2x), Environment) and the scores for the fifteen strategies.

In the Strategic Management Report – also a web-based tool – the entrepreneur records the process of strategy formation and the eventual choice of strategy in a personal document (see figure 2). The process is completed with a concrete action plan and a presentation for the group.

>> What does it provide?

The integral Strategic Management track provides the entrepreneur with a well-founded plan. These plans and the corresponding presentations are often used by entrepreneurs in negotiating with financiers or making agreements with other stakeholders.

However, this plan is “just” a by-product. The strengthening of enterprise is the biggest gain. The approach is especially focused on the development of a position in which changes and developments in the market, society, governmental policies, the business and private situation are continually observed and translated into possible consequences for the strategy and business management. Because the entrepreneur continually works from within his own situation and with his own passion combined with surprising perspectives, he sometimes arrives at unexpected strategies. Sometimes the process can be confrontational, because a certain proposed direction of development turns out to be unsuitable or unattainable.

