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Advancing Agricultural Productivity in Africa

An Executive Interview with

Eric Raby, Vice President of Global Marketing and Commercial Development, AGCO¹

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Abstract

AGCO is a leading manufacturer of agricultural equipment founded in the early 1990s. They sell a variety of tractors, forage and tillage equipment, implements and hay tools in more than 140 countries worldwide. In 2012 AGCO's sales reached nearly \$10 billion—a 13 percent increase in just one year. Eric Raby, Vice President of Global Marketing and Commercial Development with AGCO, shares his insights on the role of technology and innovation in meeting food system challenges with a special focus on African countries.

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¹ This interview was conducted during the 23rd Annual IFAMA Conference in Atlanta, Georgia, USA, in June 2013.

Can you tell me a little bit about your role as the Vice President of Global Marketing and Commercial Development at AGCO?

I have been with AGCO for 23 years working in a variety of sales and marketing roles in a number of regions including: North America, Western Europe, Eastern Europe, Asia, Africa, and Middle East. I've had the opportunity to see a wide variety of different market places. I have been in my current assignment for just over a year now and basically, my job entails supervising all aspects of global marketing for our company from a corporate perspective. I look after global branding, corporate communication, oversee our key business accounts globally, and also look at establishing financial retail solutions for our customers in emerging markets.

Since the focus of this interview is on technology and innovation, I would like to start by asking you what innovation means to you as an AGCO employee.

First of all, technology and innovation certainly go hand-in-hand and often, when we talk about technology, people think of outer space or they think of computers, or site specific farming—which is true, but it is not the entire picture. From a corporate standpoint, we are focused on introducing and growing the appropriate technology into different markets. So if we look at Africa, there are a lot of corporate or even commercial farming operations that are either underway or are starting up now. Those are going to be the candidates for our technology in terms of broad acre farming—large tractors, large combine harvesters that use satellite guidance, or other specific technology which lower the level of inputs and maximize yields. So, this would be an example of cutting-edge, forward-looking technology that uses a lot of computer systems.

On the other hand, there is huge potential in trying to grow the rural wealth of African nations through smallholder farmers. And in this case, it is really about introducing technological advancements as they relate to what farmers are doing today. So, if I take a smallholder farmer who uses manual labor or animals, and we introduce him to a very low specification basic tractor, this will be a significant advancement in technology for this farmer, even though it doesn't involve satellite guidance or computer programs. Instead, it involves the use of newer technology to solve an existing issue.

Certainly, innovation comes in many different forms. These days, it is really about looking at the whole cycle of everything we do.

Finally, from the standpoint of an employee, innovation means we are always looking for a better way to do things. And that better way is not always how we do things within the company, but also how we help other people do their jobs better, in this case farming.

Where is AGCO present in Africa?

From a sales and after sales support standpoint, AGCO has been present in some African countries, such as Morocco, Tunisia, Libya, Egypt, and South Africa, for a number of years. However, over the last 18 months the company has made a concerted effort to expand its operations on the continent. We just opened a new parts distribution warehouse in Johannesburg, and a new sales office in Cape Town, South Africa. We have also opened a new joint venture

manufacturing facility in Constantine, Algeria, and started a new model farm in Zambia. We are one of those companies that when we go into a country, we are going in forever; we plan to be there to provide ongoing support and develop good working relationships. Such an approach requires brick and mortar. It also requires people on the ground. It's not just parachuting people in, but ensuring our innovative products and advanced technology meet the practical needs of the professional farmers who spend every day working on the farm.

AGCO has created and launched a *Global Learning Center* and adjacent Future Farm in Zambia, where farmers are trained in mechanization techniques, equipment operation and agronomy. The facility is also used for training AGCO's African distributors and dealers in all areas of their business to support our growth throughout Africa.

In order to further enhance our presence in Africa, AGCO formed a new joint venture with the Algerian government for the manufacture of tractors for the local domestic market. Also, AGCO and our South African distribution partner, Barloworld, opened a state-of-the-art African Master Parts Distribution Center in Johannesburg, South Africa.

How does AGCO decide on which countries to enter?

Decisions are made to go where opportunities present themselves. We have a long-term strategy, and are concerned with our larger footprint. Ultimately, we would like to have some presence in almost all of the 57 countries in Africa, at least to be able to provide our product and after sales support to customers needing solutions. But from a perspective of a real physical footprint, we must look at the infrastructure that is in place, if there are common monetary systems, language considerations and the unique needs in each country. So we are still in the early stages, but we look for opportunities, and think about how they fit into our longer term plan.

What are the major challenges that you have encountered when introducing new technologies in the developing countries?

Africa is a continent, with 57 different countries. So this is certainly a challenge, because each country has a different set of rules and regulations, different government entities, and different customer types. It creates a lot of variability. There are also a lot of common denominators, and those are the things that we focus on. How can we use our products, our support and apply our knowledge, across a fairly wide geographical area? Again, the major challenge is certainly in the diversity. So, when doing business in Africa, we are not just adding offices in every country, we look at every country strategically and how to grow our presence over time.

The focus of this year's IFAMA meeting was on attracting talented human capital to the food and agricultural sector. In regards to this, how does AGCO attract and educate talented innovators?

As far as attracting talent, we, for example participate in IFAMA. This is one way. But we also visit a lot of universities during their career days. Additionally, we offer quite intensive online services that connect us with recent or soon to be graduates. We also have an internship program in all our major sites. Our newest class of interns just arrived at our corporate office this week.

Twenty to twenty-five interns will spend the summer with us. We would like some of them to stay with us after they graduate.

We offer two separate programs. The *AGCO Academy* is our school of knowledge for external constituents – our dealers and customers. We have also started some classes for other people to talk about more general topics in agriculture. In these classes we talk about technology, crop rotation, and service training, etc. The other program is the *AGCO University*. This is strictly an internal program, called the *Learning Management System* (LMS). It is a curriculum tailored to the candidate's position and interest level. It's intended to help our employees matriculate through our educational system internally. This program is always evolving and growing.

As the Vice President of Global Marketing and Commercial Development at AGCO, what are your top priorities over the next couple of years when it comes to introducing technology and innovation into Africa?

With the global population projected to rise to more than 9 billion people by 2050, Africa lies at the heart of what promises to be a new Agricultural Revolution and holds the key to ensuring a sustainable food supply. This will only occur if a new roadmap for progress is developed, harnessing both the expertise of the private industry sector and the knowledge of local communities.

Our biggest goal in the short and medium-term is establishing or building upon the presence we have, in a more proactive way, and living in the market. For example, if we take Massey Ferguson, our flagship brand for Africa, we want our customers to know that not only are they buying the product itself, they also receive technical support, repairs, parts and are also eligible for financing. They should know it is an investment, but one with a return. So, it is really about assuring people that when they purchase our products, it will provide value long after the purchase is made. Africa is capable of ensuring a sustainable food supply. Consequently, we are making the appropriate investments there.