



**European Forum on
Paradox and Pluralism**
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MANAGING PARADOX MINI-CASE SERIES

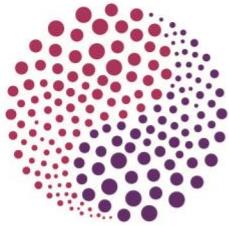
For the Love of Cows: Reaching Stability in the Face of Change

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THE CASE¹

PART A – The Challenge

Marion lives with her husband on his family's farm in the hills between Zurich and Lucerne in Switzerland. She had worked in the banking sector for more than 12 years but did not want to continue with this profession. Some time ago, she had started to retrain as a social worker. Her husband worked as an electrician. In 2010, her family-in-law started discussing whether Marion and her husband would take over the farm.

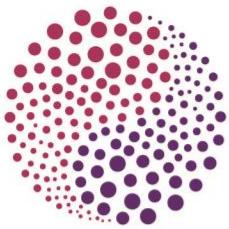
The farm is an isolated one, located around two kilometers from the nearest villages, near Oberrüti in the Aargau canton. Its buildings comprise the farm owners' residence, a separate apartment where farm workers traditionally lived, cowsheds, and barns where hay and machinery are stored. Marion's father-in-law had been a farmer for more than 30 years. During that time, he had maintained the buildings and equipment



required to run the farm. At first, he had been a dairy farmer with 20 to 25 cows, which grazed on half of the farm's 22 hectares. Later, he transitioned the business to suckler cows, which received higher subsidies from the Swiss Federation.

Farming is a hard business: The cost of the tractors and other machinery's purchase and maintenance, the corn and food supplements, straw for the sheds, veterinary visits, and transporting market-ready calves and unfertile cows to the abattoir was enormous. In addition, running the farm required a great deal of work. Unlike in

¹ This case is mainly based on interviews with Marion, which profited greatly from her openness and availability. We would also like to thank the other farmers involved for the additional interviews that provided valuable background information. These interviews allowed us to understand the general challenges that farmers in Switzerland currently face.



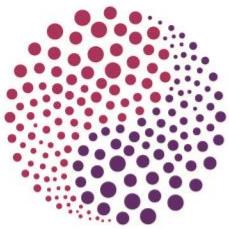
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other European countries, it is not economically viable for Swiss farmers to hire seasonal workers to help them make hay in the spring, or permanent farm hands to help them run the farm. Marion's father-in-law mostly did all the farm work himself, supported by his wife, who also worked parttime in a grocery shop a few villages away. Having to deal with everything that could go wrong with the cows and their calves was not easy either. One year, half of the calves contracted pneumonia, which meant high veterinary costs. After their required vaccinations, the calves often suffered diarrhea, which resulted in additional dietary costs and even more veterinary costs. Given these circumstances, it was unclear whether Marion and her husband would want to take over the farm. For financial and practical reasons, Marion's brother- and sister-in-law had already decided not to do so.

Marion and her husband finally agreed to take over the farm, but only after a comprehensive transition period. During this period, the family made a few initial changes. They first built a stable where Marion, a dedicated rider since childhood, could board seven other horses besides her own. This meant taking on a great deal of responsibility, but there was a waiting list, and once the costs of the stable and feed were deducted, it became clear that horse boarding was a relatively profitable business. During this time, Marion also attended agricultural school. She took classes on conventional farming methods, but also on extensive agriculture, focusing on plants and biodiversity. In addition, Marion and her husband attended a consulting service for farmers, which helped them estimate the farm's future revenues and costs. During this time, Marion worked as a social worker for two to three days per week, while her husband continued with full time work as an electrician. They employed her in-laws to do most of the day-to-day work with the cattle.

In 2018, when Marion and her husband took over full responsibility for the farm, they gained full access to the farm's accounts. When running a few financial analyses, Marion soon discovered that holding suckler cows was highly unprofitable. The meager profits that the farm turned came from the Federation's subsidies and Marion's new horse-boarding business. At this time, the Swiss Federation started redirecting its

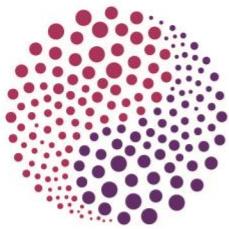


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subsidies from meat to plants (see Appendix 3), in keeping with its ecological criteria, which reduced the subsidies for suckler cows. During 2018 and 2019, the couple had to subsidize the suckler cow business by using the salaries they earned with their work outside the farm. It was difficult for the parents-in-law to accept the harsh reality that keeping cattle had become a loss-making business. They doubted that the changes made to the farm would pay and frequently interfered with the day-to-day activities. Nevertheless, even they could no longer deny the need for more substantial changes to keep the farm afloat.

In June 2019, one of farm's oldest suckler cows was scheduled for slaughter. Marion felt deeply uncomfortable when watching the cow being loaded onto a truck. In the following months, she stopped eating meat and increasingly questioned the cattle business. She asked herself what they could do to avoid having to send their cattle to the abattoir. Aside from making her unhappy, the cattle business could no longer sustain the farm. She started thinking about new businesses that she could build to make the farm viable in the future. Marion and her husband visited Hof Narr in Egg (see Appendix 1) for inspiration and fresh ideas, as this is a farm where animals are held, but not monetized. There are other inspiring models in Switzerland: The Jucker Farm AG in Aathal-Seegräben (see Appendix 2) is a company running four farms with a portfolio of businesses centered on plants, ecology, education, and catering. Marion also familiarized herself with the Federation's system of farm subsidies (see Appendix 3). Her objective was to develop a portfolio of business activities to help her sustain the farm in the future.



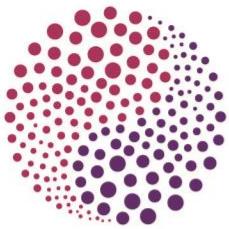
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PART B – The Solution

Marion first did an inventory of the available skills and resources that she could leverage. These included her skills, but also the farm's assets. Her prior banking experience had given her the skills required to develop and evaluate new business models, while her job as a social worker had taught her how to deal with children, as well as to educate and guide groups of people. She further had gained new skills by attending agricultural school. Her husband is familiar with everyday life on the farm and works as an electrician, while his parents still live on the farm and have long experience with traditional Swiss farming methods and know the subsidy system well. The farm is the most important asset. Cattle and horses are kept in its sheds and stables, but given the size of the land, there are many meadows. Further, the farm's remote location is both a problem and an opportunity: While it takes time to get there, it is still only a moderate driving distance from some of Switzerland's larger cities (Zurich, Basel, Berne, Lucerne, and St. Gallen), but remote enough for urbanites to be interested in it as a destination for excursions or days out.

In a second step, Marion ruled out several ideas that did not seem viable, or which required skills or assets that she and the family couldn't provide. This visit to Hof Narr inspired Marion and her husband who decided to keep 16 suckler cows on their farm, although only eight are required to fulfil the Federation's requirements for obtaining farm subsidies. The couple really wanted to prolong the history of suckler cows on their farm, but no longer have them impregnated. The latter was a very deliberate decision that ruled out receiving subsidies for merely raising calves. Marion does not want to rely on donations and is keen to also generate revenues not based on subsidies. She has decided against growing her horse-boarding business, since it entails a lot of work, leaving little time to work on other business ideas. Furthermore, if she were to focus fully on the horse-boarding business, this would increase the family's risk if something were to go wrong. Similarly, the couple has decided not to rent parts of their land to other farmers, as this would leave them with less space to try out new ventures. Financial constraints further prevent the couple from attempting some potential businesses, since



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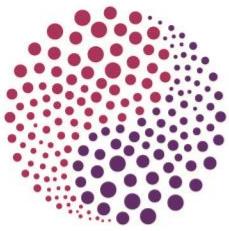
their salaries are already used to cross-subsidize the farm. This will have to stop soon. They simply do not have the option of investing heavily in new buildings or machinery currently.

In a third step, Marion started developing and testing a range of new businesses. Some of these are already up and running, while others are still in the pipeline for future implementation. At this early stage, Marion's main goal is to gain experience and to decide which businesses she should develop further. Besides the horse-boarding business—currently a mature activity in the farm's portfolio—Marion has explored the following new activities:

Education & events: Marion started hosting workshops for an agricultural school, as well as for several Zurich-based IT companies interested in informing their employees about farming and ecology. Marion also started hosting other events, such as parties at which vegetarian dishes are served. Since Swiss public schools receive public funding for excursions to farms where the students are taught about agriculture, she has hosted two schools' students and intends to expand her services to other schools. Her social work background helps her build credibility with her customers and run these events. Although these events contribute some revenues, they are not yet steady enough to truly support the farm. However, Marion is confident that she can extend these activities further in the future to ensure a steadier source of income.

Biodiversity: Marion and her husband have started cultivating plants (instead of cattle), promoting biodiversity, and growing fruit. The 90 fruit trees currently on the farm are almost too many for them to harvest alone. However, such biodiversity activities mean that the farm qualifies for larger Federation subsidies. The couples' knowledge of agriculture and the Swiss subsidy system are therefore extremely valuable for their new activities.

Corn & grain: The couple focused more on growing corn. Feeding cattle or pigs corn allows these animals to grow rapidly. Since their suckler cows do not need to bulk up quickly, they now mostly sell their corn to farmers in the vicinity. Besides corn, they have also started growing grains, with a greater distance between the plants and without



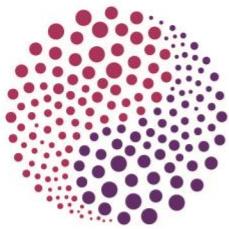
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the use of artificial fertilizers. They have started to work with Urdinkel—a Swiss brand focusing on the marketing of ancient types of homegrown organic Swiss grains—to sell their grains through this channel. Once again, Marion's new agricultural skills are helpful.

Food products: Marion has started making pasta at home and is thinking about buying a stove with a bigger oven so that she can bake multiple loafs of bread. She is still contemplating how to commercialize these food-related activities by accessing customers directly, since the farm is relatively far from any major cities and towns. One idea is to use these culinary activities to support her event business in the future.

Right now, the farm is financially sustainable, but does not turn a big profit. Her prior banking experience helps Marion evaluate and improve the different businesses' profitability. The three main revenue streams are currently subsidies for the farm's biodiversity activities, fees from horse-boarding services, and the sale of corn and grain to Urdinkel and neighboring farms. To date, Marion still works as a social worker two days per week, while her husband works as a fulltime electrician. However, the farm's growing business activities may soon allow the family to be more independent of their outside earnings.



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Useful sources:

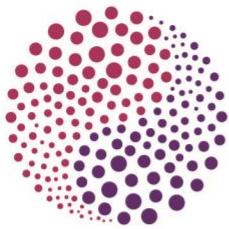
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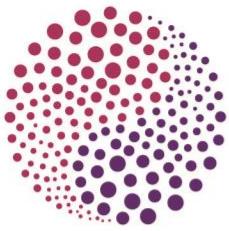
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TEACHING NOTE

This case illustrates how businesses need to balance stability and change in their development over time. We learn how Marion and her husband draw on existing skills (e.g., Marion's financial and social work skills) and assets (e.g., the farm's meadows and buildings), which are part of the farm's heritage, when they face (external and internal) change. However, the case also shows the need for such businesses to develop or acquire new skills (e.g., Marion's new biodiversity or event planning skills) that can be combined with existing ones to create new business activities. Furthermore, this case shows how these new business activities could enable further growth and development to help sustain a business in an altered competitive landscape.

The case can therefore be used to explore the paradox of stability and change in businesses. This paradox arises from stability and change being necessary for successful development, although these dual needs are also contradictory and, therefore, difficult to reconcile. Addressing the resulting tension requires a careful balance. For example, Marion maintains those parts of the business that perform well (e.g., the horse boarding), while simultaneously developing new activities to not only develop new skills, but to also strengthen the existing ones.

This balancing approach is part of her vision to build a portfolio of related businesses. Expanding through such "growth around the core" to closely adjacent new territories is a way of balancing stability and change in business's development. Marion has progressed at a pace that does not outstrip the farm's development, thereby ensuring that she does not deplete her limited resources. She started with small-scale trials that do not consume much time or money, but allow her to explore multiple options, only subsequently deciding whether to scale these options or not. She explicitly stayed away from activities that are too far outside her expertise and focus.



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Instructors could explore these topics conceptually by leading the class discussion on the following consecutive questions:

- How would you describe Marion's main challenge?
- What are the limitations that she faces when developing new business opportunities?
- What existing skills and assets could she use when developing new businesses?
- How could she build new capabilities, and which would be the most promising?

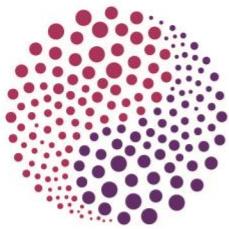
In the next step, the participants could be organized into groups to develop a plan for growth. Their assignment task is to propose a portfolio of new business activities and a high-level roll-out plan for the farm. One or two groups could then present their ideas in class. The instructor should lead the discussion by sensitizing the participants to the key challenges of balancing stability and change, such as the need to pursue the right extent and pace of change, the need for an integrated vision, and the need to respect the business's resource and time constraints.

Areas:

New ventures; Sustainability

Keywords:

Farming, stability, change.



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Appendix 1: Lebenshof

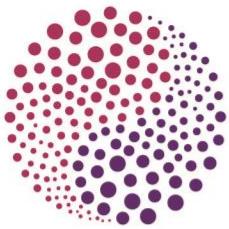
Life farms (German Lebenshöfe) (formerly also called “mercy farms” or “animal rescue farms”), offer primarily to farm animals, but also to other domestic animals from factory/mass livestock farming, destined for slaughter, or tortured or homeless ones, a second chance. These animals usually remain on life farms until they die a natural death. The focus of life farms is their belief that humans have no right to inflict suffering on animals, and the rising awareness of the problems associated with the consumption of animal products. Normally, life farms serve no commercial purpose. However, Lebenshöfe are also used as training centers by providing farm tours, workshops, lectures, and youth camps. They are mostly self-financing, meaning that the farm operators usually have an additional occupation. In addition, life farms receive income from donations, animal sponsorships, and membership fees. A life farm can be organized in many ways, for example by establishing an association or foundation for its support. Life farms usually do not receive public funding or subsidies to nurture their animals.

Examples of Lebenshöfe in Switzerland: Felsentor Foundation, Hof Narr, Hof zum Regaboga, Kuhgnadenhof, Stinah, Treffpunkt Tier-Mensch, and Vaikuntha.

Appendix 2: Jucker Farm AG

Jucker Farm AG is a company that runs four experience farms in northern and central Switzerland: Juckerhof in Seegräben, Bächlihof in Jona, Spargelhof in Rafz, and Römerhof in Kloten. These four farms are popular destinations for trips and are often used as event locations for Christmas parties, corporate events, seminars, and weddings. Jucker Farm AG also organizes its own annual events program.

Jucker Farm AG generates revenues by producing a variety of fruit and vegetables, which is then processed in the Hof-Manufaktur or the Hof-Bäckerei. The produce is subsequently sold in their farm stores, served in their restaurants, and/or delivered to various retailers (e.g., Coop, Globus, Farmy.ch). The Jucker Farm AG’s goal is to grow and process as much of its produce as possible. This strategy allows it to control the



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entire value chain from the seed to the final product in the store, and to optimize it in line with its sustainable farming guidelines.

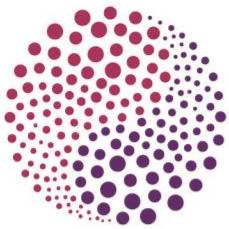
The Jucker Farm gives all its website visitors access to its Farmticker, which reports different types of news on what is happening on these farms and provides background information (e.g., why one should use a compost tea instead of pesticides; a study of "good" vs. "bad" apple varieties, etc.). It is also active on social media (Instagram, Pinterest, Facebook, and YouTube) and recently launched the podcast Farm Talk: From the Country to the City, which covers a variety of agricultural topics with a focus on the question: Where does our food come from?

Appendix 3: Development of Direct Subsidies in Switzerland

Direct subsidies are a central element of Swiss agricultural policy and are based on Article 104 of the Federal Constitution. Currently, there are seven types of direct subsidies:

- Cultural landscape contributions to ensure the cultural landscape remains open;
- Security of supply contributions to ensure a secure supply of food for the population;
- Biodiversity contributions to maintain and promote biodiversity;
- Landscape quality contributions to maintain, promote, and further develop diverse cultural landscapes;
- Production system contributions to promote nature-, environment- and animal-friendly forms of production (e.g., organic and integrated production);
- Resource efficiency contributions to ensure the sustainable use of natural resources; and
- Transitional contributions to ensure socially acceptable development.

Fulfilling the requirements of the ecological performance certificate is a prerequisite for obtaining direct subsidies. The requirements of this certification process include needs-based fertilization, the appropriate use of plant protection products, the minimum required areas for ecological compensation, suitable crop rotation measures, and soil



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protection measures. Each year, the federal government pays farming families approximately CHF 2.8 billion in direct subsidies.

Between 2005 and 2013, federal contributions in favor of biodiversity increased gradually from CHF 150 million to CHF 240 million per year. With the changes in the biodiversity subsidy strategy in 2014, expenditures jumped to CHF 365 million, increasing gradually to CHF 411 million in 2018, which represents 15 percent of all federal subsidies. Farmers receive these subsidies for conserving and promoting biodiversity in their fields, meadows, and orchards, which promotes species and habitat diversity.