

Lost In Translation

**Why consumers don't understand and don't trust
what we tell them about issues in animal agriculture**



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Animal agriculture is under increasing pressure. In addition to the traditional challenges of herd health, productivity and profitability there are growing questions about our production systems and practices. Finding an acceptable location for a livestock facility and generating local support is difficult. Activist groups opposed to contemporary production practices are pursuing litigation, pressuring customers and initiating legislation and litigation to change the way we operate. Customers and consumers are asking questions about environmental performance, animal welfare and worker care issues.

Fifty years ago the public understood and accepted what we did. Today there is little understanding of livestock production and a lack of trust in our practices. Animal agriculture is challenged by anthropomorphism, affluence and agricultural alienation.

Anthropomorphism, the attribution of human characteristics to animals, is reflected in America by our increasing investment in pets. Pet spending more than doubled in the last decade (excluding equine and pet prescriptions). In 1994 we spent \$17 billion on pets, in 2006 that number is expected to balloon to \$38.4 billion. The pet industry is now the seventh largest retail segment in the country, 60% larger than the toy industry and 33% larger than the candy industry. ¹ Anthropomorphism also provides a rhetorical platform for those opposed to animal agriculture based on animal care. "You wouldn't treat your pet like that," the argument goes, "why would you treat livestock in that manner?" Taken to its logical conclusion, the argument might extend to, "You wouldn't eat your pet, why would you eat any animal?"

Americans spend less for food than any other country in the world. In 1929, Americans spent approximately 20% of their income for food. The percentage is now down to less than 10%.² Because US consumers spend so little for food, they can demand non-product specific attributes from the food system with little economic consequence for the individual consumer. For some those attributes include environmental stewardship and animal welfare. For others it may be worker care and minimal use of animal health products. The list of socially responsible production attributes is growing and being embraced by more of the supply chain every day.

Such a small percentage of Americans are engaged in food production, it is little wonder we suffer from agricultural alienation. According to the US Census Bureau, in 1900, 36% of all U.S. occupations were "agricultural pursuits." In 1950, 11.6% of all U.S. occupations were farmers, farm managers or farm laborers. In 2000, 0.7% of the U.S. population was employed in farming, forestry or fishing.

All of this contributes to cultural confusion about the role and function of animals in our society. Are they intended for companionship, competition or consumption? For customers and consumers with little understanding and appreciation for livestock

production these can be uncomfortable questions. These disquieting discussions can be difficult for those in animal agriculture as well. Historically we enjoyed public understanding and acceptance. We have seen that acceptance erode over the past decade and at times we have been defensive and slow to respond to increasingly complex questions from our customers and consumers. We “attack the attacker” or respond with sound science, data and production information and yet the issues persist.

There has been a fundamental shift in societal expectations for animal agriculture. The understanding and acceptance of consumers that we enjoyed in the past can no longer be taken for granted. To be successful in the 21st century animal agriculture must understand and address questions of trust and values in a world where brands and interest in a civil society play an ever increasing role in commerce.

Trust and Values

Trust can be defined as, “confidence in and reliance on good qualities, especially fairness, truth, honor, or ability.”³ It is difficult, if not impossible to have a discussion about trust without discussing values.

Research shows there are consistent values across cultures as well as culturally specific values which must be considered in communicating and building trust. Human values that transcend culture include compassion, responsibility, respect, fairness and truth,⁴ all key elements of trust.

Primary American values include responsibility to care for one’s family, responsibility to care for oneself, personal liberty, work, spirituality, honesty/integrity and fairness/equality. Secondary American values include responsibility to care for others, personal fulfillment, respect for authority and love of country or culture.⁵

If livestock production practices are perceived as being inconsistent with these values, our practices will face opposition. Values are the key beliefs that provide meaning for life and when they are challenged, the likely response is anger, resistance, frustration and mistrust because we are challenging the core belief system that defines the individual or social group.

As a result, when customers and consumers ask questions about animal welfare and we respond solely with science and data, we are perceived as uncaring and non-responsive. They are asking values-based questions about compassion and care and we are responding with economic or production related information in the name of science.

At times our answers may even be perceived as morally deficient. University of Chicago psychologist Lawrence Kohlberg identified six progressive stages of moral reasoning, the basis for ethical behavior, in his research on responses to moral dilemmas. The six stages are:⁶

1. Obedience and punishment orientation
2. Self-interest orientation
3. Interpersonal accord and conformity

4. Authority and social-order maintaining orientation
5. Social contract orientation
6. Universal ethical principles

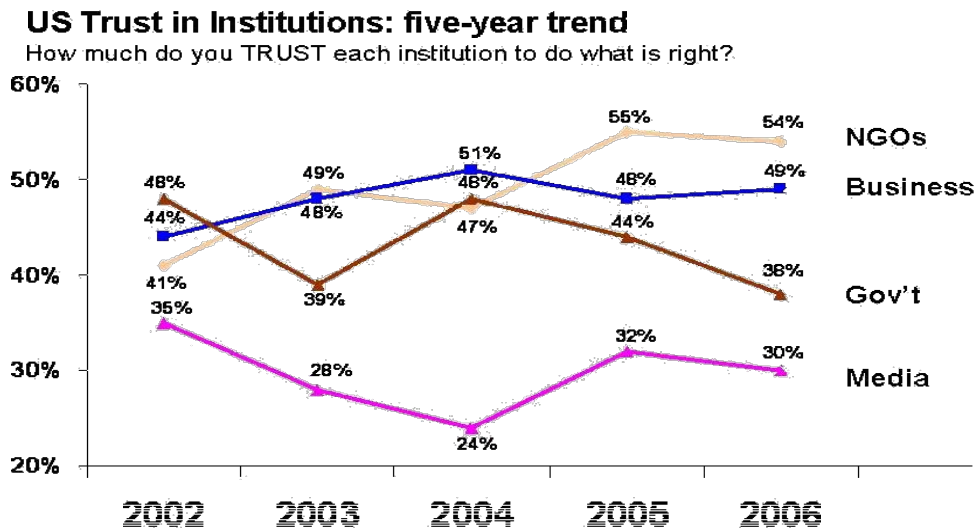
When we respond with thinly veiled self interest to questions about animal agriculture that are grounded in universal ethical principles and widely held values, our responses are perceived as inadequate and the credibility of both the message and the messenger are reduced. To be effective, messages and messengers must reflect both the values and moral hierarchy of the question and the audience raising the question.

The State of Trust in America

According to the Edleman 2006 Annual Trust Barometer⁷ we have crossed two important milestones in tracking trust. One is related to institutional trust, the second to individuals.

Non-Governmental Organizations or NGO's are now the most trusted institutions in both the US and Europe. That's a dramatic change from 2002 when both business and government ranked above NGO's in the US. As Figure 1 illustrates, business is starting to rebound while trust in government continues to fall. Figure 2 shows a slightly different picture in Europe where trust in government is also improving.

Figure 1

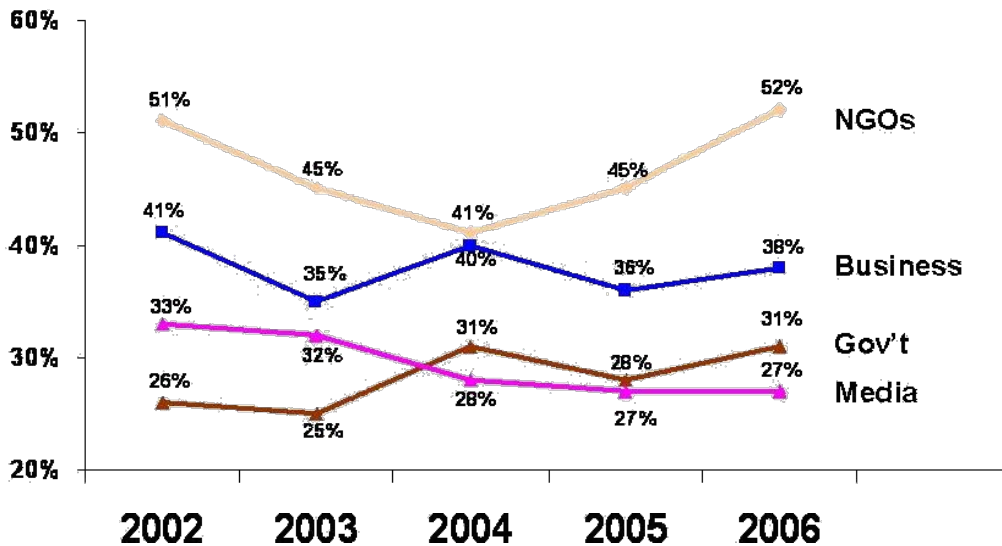


Source: Edleman 2006 Annual Trust Barometer

Figure 2

European* Trust in Institutions: five-year trend

How much do you TRUST each institution to do what is right?



*Europe=UK, France, and Germany only

Source: Edleman 2006 Annual Trust Barometer

The rise of trust in NGO's is consistent with values-based communication and Kohlberg's ethical hierarchy because NGO's are perceived as championing ethical principles and not pursuing self interest. They deliver clear values-based messages that resonate with their audience. We will more fully explore the role of NGO's and their impact later.

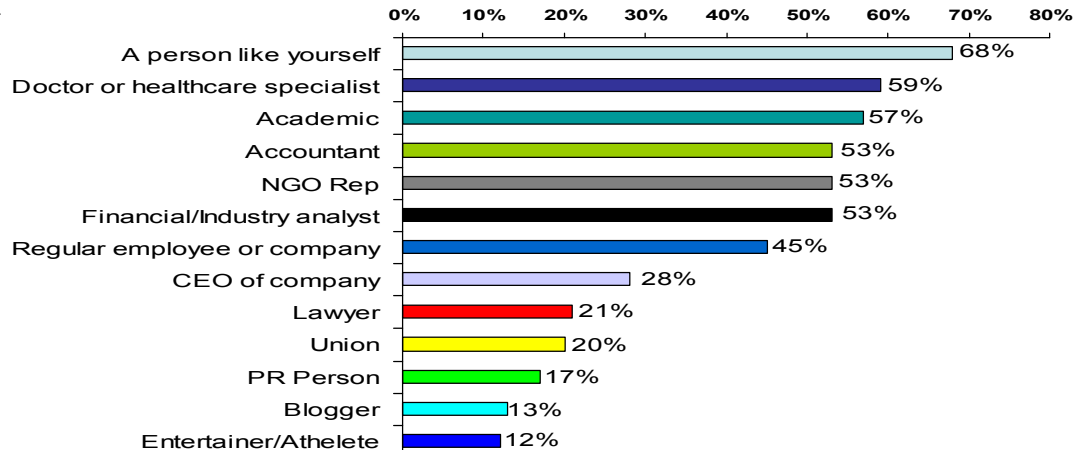
There has also been a marked decline in the trust of traditional authority figures. In the US, "a person like me or a peer" is now the most credible source of information about a company, surpassing historical authority figures like doctors or academics as illustrated in Figure 3.

Figure 3

Source: Edleman 2006 Annual Trust Barometer

Credibility of Spokespeople (U.S.)

When forming an opinion of a company, how credible would the information be from . . .

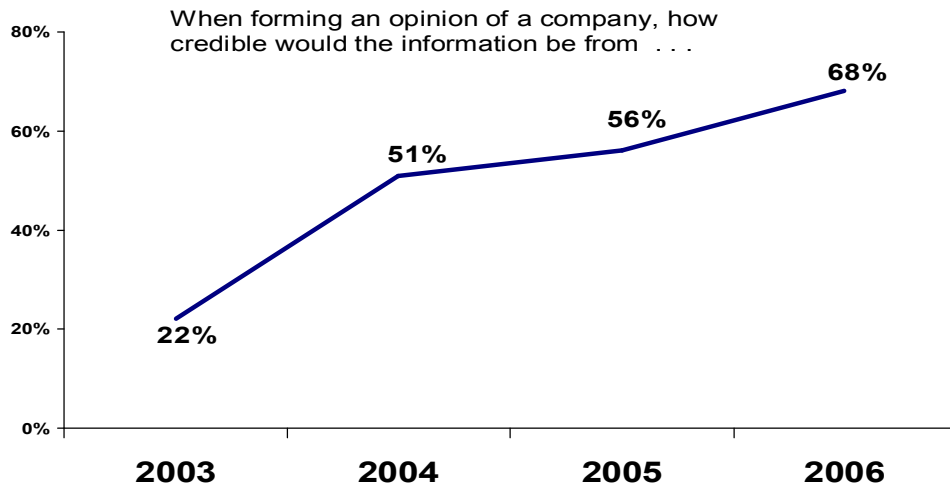


The increase in the credibility of the individual or peer has tripled in the last three years and coincides with the decline in trust of traditional authority figures and the government. People who believe they can no longer trust corporations, government or other organizations are looking to peers and connecting through the internet to find credible information from sources with similar values and ethical standards, or “a person like yourself.” (Figure 4)

Figure 4

Source: Edleman 2006 Annual Trust Barometer

**Spokesperson: “A person like yourself”
change since '03 (U.S.)**



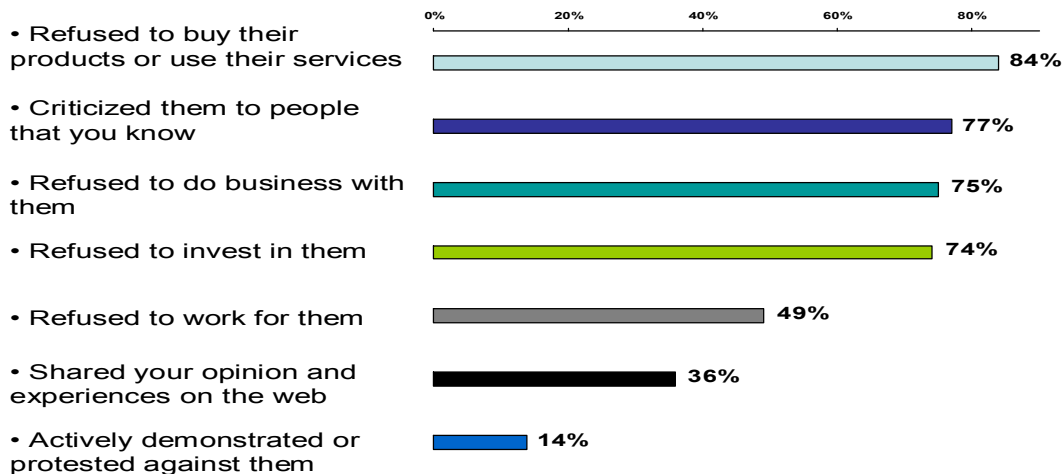
The importance of trust to a company’s bottom line was dramatically reinforced by the study with 84% saying they would not purchase products or services from a company they do not trust, 77% criticizing the company to someone they know and 36% sharing their opinion on the web. (Figure 5)

Figure 5

Source: Edleman 2006 Annual Trust Barometer

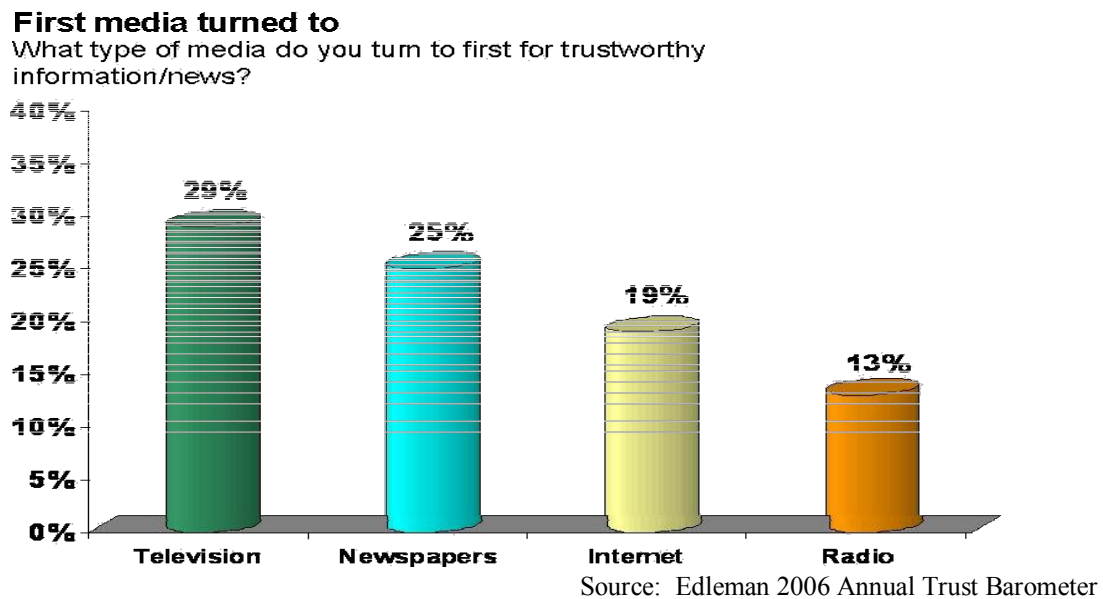
The importance of trust (U.S.)

Tell me if you have ever done this in relation to a company you do not trust.



The rise of the internet as a credible source of information and a conduit for peer to peer sharing is a paradigm shift for communications (Figure 6). No longer is it sufficient to rely on any single communication vehicle for effective message delivery. The internet has, as predicted, democratized information. This also reinforces the need for stakeholder engagement at all levels as peers become a critical conduit for sharing credible information and shaping opinion and perception.

Figure 6



The increase in trust of NGO's, the reduction in trust of traditional authority figures and the dramatic rise in peers as conduits for credible communication reinforce the absolute necessity of effective value based communication and early on-going stakeholder engagement if we are to improve public perception of animal agriculture.

Value Based Communication

Value based communication is a recognition that the values of the sender, receiver and society all factor into the communication process. Values-based communication requires an understanding of the audience and a deliberate effort to craft messages that are sensitive to the values of the receiver and incorporate their self-interest. Delivering messages that speak to core values help establish dialogue and influence both the receptiveness and the response of the receiver.

Effective values-based communication includes both an emotional and intellectual component. We inform and educate with information, we persuade and motivate with emotion.

To increase the likelihood of successful values-based communication, search for a shared value or principle to begin the discussion and use inclusive language to demonstrate your appreciation for the values and concern of the audience. "We share your concern for our

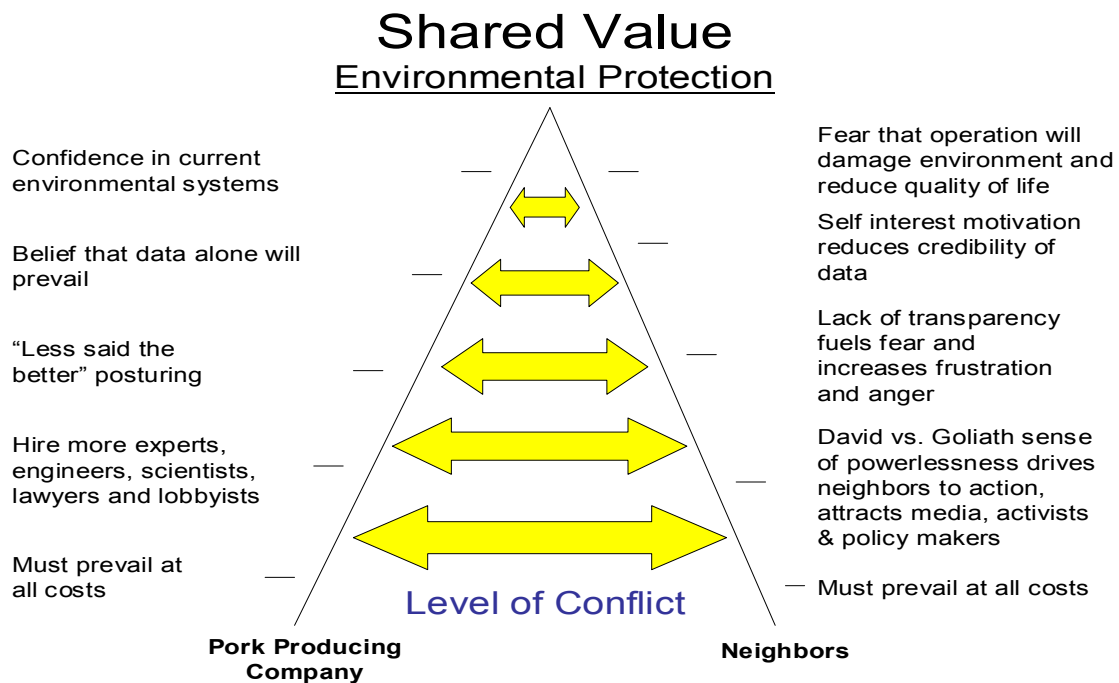
environment; we drink the same water and breathe the same air as our neighbors. Let's discuss your concerns and see if we can reach common ground."

The shared value tree below (Figure 7) illustrates the pattern of beliefs and behaviors we have seen all too frequently in the environmental debate between producers and their neighbors. Both share the value of environmental protection. Unfortunately discussions rarely begin with shared values. Typically we start by talking about environmental management systems, economic development and other "data" points designed to assuage the fears of any "logical" person. This approach fails to recognize that when values or quality of life are perceived to be at risk, the response will be both emotional and intellectual.

Here is how we have seen the process play out in animal agriculture over environmental concerns. Because we failed to identify and discuss the shared value, our self-interest challenges the credibility of our data. When neighbors fail to be persuaded by information we see little point in continuing the discussion so we stop talking and begin posturing. The producer's lack of transparency fuels fear and anger and a sense of powerlessness that motivates neighbors to contact activists, media and policy makers for help.

As we continue down the tree our positions diverge and become increasingly polarized forcing a "win at all costs" attitude for all involved, leading to delayed construction, increased cost, litigation, negative media coverage, interest by regulators and policy makers and poor public relations. In other words, ignoring values-based communication is not only bad for our image, its bad for business.

Figure 7



Source: CMA Consulting

An alternative model of stakeholder engagement and value based communication offers an opportunity to build trust and to discuss issues based on both information and emotion in a structured process that has proven to be successful.

Lawrence Susskind, director of the MIT-Harvard public disputes program has outlined six principles of the “Mutual-Gains”⁷ approach to dispute resolution. This approach provides a framework to begin a values-based dialogue with stakeholders. The six principles are:

1. Acknowledge the concerns of the other side (competing values)
2. Encourage joint fact finding
3. Offer contingent commitments to minimize impacts if they do occur; promise to compensate knowable but unintended impacts
4. Accept responsibility, admit mistakes, and share power
5. Act in a trustworthy fashion at all times
6. Focus on building long-term relationships

These six simple principles can be challenging to implement and frequently raise concerns among those who equate stakeholder engagement with surrendering self interest in favor of altruism. Nothing could be further from the truth. Taking responsibility does not mean accepting blame arbitrarily. Listening to others’ concerns does not necessarily mean agreeing with those who are concerned, and making contingent commitments does not mean giving in to all demands.⁸

Stakeholder engagement and a mutual gains approach establishes a process that recognizes that others can and will influence your outcome and that early intervention and on-going dialogue can be the most efficient and effective way to manage issues. It is a different model for protecting your self interest that acknowledges that values matter and that at the end of the day building trust with stakeholders is good for business. It is not abandoning science; it is recognizing that science alone is not persuasive in a values-based culture.

But how do you know when to cooperate and when to say no? Susskind and co-author Patrick Field describe an experiment that answers that question in their book, *Dealing With An Angry Public*.

The experiment was conducted by political scientist Robert Axelrod. He invited experts in game theory to submit computer programs that would compete against each other in a game called “The Prisoner’s Dilemma.” A total of 76 programs were submitted in two rounds of the experiment. The same program won each time. It was based on four simple principles that could be used in developing and maintaining cooperative stakeholder relationships.⁹

- *Be cooperative:* Start out by being cooperative. Don’t try to establish a tough reputation at the outset.

- *Be provokable:* If attacked, especially after an initial display of cooperation, let it be known that you will retaliate in kind. This should not be a bluff. Make it clear that you would prefer to cooperate, but you will not continue to cooperate if attacks continue.
- *Be forgiving:* If attacked, do not assume you will always be under attack. Don't remain provoked if it is possible to reestablish trust. (this may happen more than once and require small confidence building steps – two steps forward and one step back)
- *Be clear:* Most of all be explicit with regard to your intentions at each step along the way. Otherwise your motives or interests may be misconstrued. This is why face to face dialogue is so important.

The Animal Welfare Debate

The discussion of animal welfare and animal rights is a rhetorical hotbed of conflicting values, positions and political agendas. Yet when you examine the public opinion research on the issue the opportunity to successfully engage stakeholders and employ value based communication becomes clear.

When asked if farm animals deserve to be treated humanely the overwhelming majority of those surveyed strongly agree. This should come as no surprise since compassion is one of the values that transcend culture. Two statewide surveys illustrate the point. In a 2005 survey of 1,800 Ohioans by The Ohio State University, 92% of respondents agreed or strongly agreed that farm animals should be well cared for. 94% of the 500 Arizona voters polled in 2005 agreed with the statement that, “even animals raised for food deserved to be treated decently and humanely during their lives.”

When asked specifically if farm animals deserve decent care, virtually all respondents will say yes. This does not translate into an anti-meat bias as some have suggested. It simply reflects a cultural value that all animals deserve humane care, no matter their role or function.

Despite the fact that consumers universally support humane care for animals, the issue of animal welfare does not appear to drive consumer purchasing behavior nor do those who believe animals deserve humane treatment necessarily oppose using animals for food.

In the same Arizona survey, 63% of respondents *disagree* with the statement that, “farm animals that are raised for food should be treated the same way household pet owners treat their animals.” In other words, while the vast majority believes farm animals should be treated humanely they don't expect them to be treated like pets.

Today it does not appear animal welfare is a top-of-mind concern for those who buy meat. When 1,000 consumers were asked an open ended question about what they look for when purchasing meat products in a 2003 nationwide survey conducted by the American Meat Institute, the issue of animal welfare was number 13 on the list with less than 1% of respondents mentioning the issue on an unaided basis. (Figure 8)

Figure 8

Open Ended: Most Important Factor In Purchasing Meat and/or Poultry

1. Price	26%	11. Where from	2%
2. Freshness	20%	12. Additives	1%
3. Quality	16%	13. Welfare	1%
4. Health/Nutrition	7%	14. USDA Approval	1%
5. Appearance/Color	6%	15. Taste	1%
6. I want/need it	3%	16. Variety	1%
7. Cleanliness	3%	17. Available in store	1%
8. Organic offerings	2%	18. Brand	1%
9. Safety	2%		
10. Habit	2%		

Source: American Meat Institute, 2003

The inference is that while animal welfare today is not a top-of-mind concern for those who purchase meat, there is a societal expectation that animals used for meat will be treated humanely. Those who believe current practices don't ensure humane treatment are seeking changes in production practices by pressuring customers, initiating legislation and litigating against specific production entities. The transcending value of compassion demands animal agriculture adequately answers the welfare question to maintain the trust and confidence of our customers and consumers.

The Pork Industry Animal Care Coalition

In 2005 pork industry leaders initiated a stakeholder engagement process to develop solutions to the animal welfare challenge. They invited leaders from the production, packing, restaurant and retail communities to begin a discussion to determine if a mutually acceptable solution could be reached. Early in the process the group established three guiding principles that formed the framework for any acceptable solution. Any solution had to be credible, workable and affordable for each segment of the industry before it could be considered.

Over an 18 month period, the group hammered out a welfare assurance program that has the support of each segment of supply chain. The program includes assessment on every commercial pig farm and verification of the assessment system to ensure credibility. Assessment and verification are key elements in building trust.

While the development and implementation of a welfare assurance program supported by the entire pork chain is an important accomplishment, the value of establishing the stakeholder process should not be overlooked. Through the dialogue, participants came to appreciate the shared values of all parties involved. Each link in the chain expressed their commitment to the appropriate care of pigs produced for food. Each link also recognized that any potential solution had to be credible, workable and affordable. By

reaching agreement on these principles early in the process the group was able to quickly sift through potential solutions, considering only those that passed through the “credible, workable and affordable” screen.

The participants in the process also increased their appreciation for and trust of others in the pork chain. The recognition of shared values increased the willingness of participants to consider other perspectives and to work more openly toward developing a solution that met the needs of each member of the group.

While there are still issues to be addressed in swine welfare, the pork industry animal care coalition is a clear illustration that stakeholder engagement is a process that works.

Brands as Agents of Social Change

Globalization, consolidation and integration are changing the way we do business. They are also changing the way those interested in a civil society pursue change.

Recent work by the Center for Civil Society Studies at Johns Hopkins University suggests that, excluding religious organizations, the non-profit sector (NGO’s) is a \$1.1 trillion dollar industry, employing 19 million fully paid employees and representing the world’s eighth largest economy. (Does not include Warren Buffet’s announced gift of \$31 billion to the Bill and Melinda Gates Foundation)

In addition to being a significant economic force, NGO’s are the most trusted institutions in both the US and Europe. This gives them significant market power which many are now leveraging to influence the behavior of companies with global brands. As one Greenpeace activist noted, “[Focusing on brands] for environmentalists was like discovering gunpowder.”¹⁰

NGO’s increasingly view market influence as the most effective and efficient means to achieve their goals. The civil society movement is now working to “civilize” capitalism through markets.¹¹ NGO’s have recognized that influencing the behavior of global brands gives them influence throughout the world. Not only can they influence corporate behavior in developed markets, but in developing markets as well by applying market pressure. In that regard, NGO’s are able to do what government cannot. By exerting market pressure in the United States and Europe, NGO’s can influence corporate behavior in China and Africa. Globalization and global brands have expanded the reach and influence of NGO’s to new levels.

Many NGO’s are now expanding their work beyond the traditional media attack campaigns to put pressure on global brands through employees, customers and suppliers, investors, boards and peers.¹²

An increasing number of NGO’s are also partnering with global brands to affect social change. This reflects mutual recognition of the market influence and power of both the global brand and the NGO.

The mission statement of Environmental Defense, the well known NGO, includes the following phrase, “We work to create solutions that win lasting economic and social support because they are nonpartisan, cost-effective and fair.” Their work with livestock producers across the country on various initiatives illustrates the new trend of partnering with industry, using market forces, policy influence and traditional tactics to achieve specific environmental objectives.

While no industry segment is exempt from NGO influence, consolidation in the food sector and the role food plays in society make it both efficient and attractive. Grocery retailers continue to consolidate. The top five US retailers sell more than half of all food and the top ten companies sell more than 75%.¹³

Wal-Mart and McDonald’s are the two highest profile global brands in the food sector and both are now working with NGO’s.

McDonald’s has 30,000 local restaurants serving 50 million people each day in more than 119 countries.¹⁴ By definition a global brand. McDonald’s is recognized as a leader in corporate social responsibility in the food industry and openly embraces that obligation on their web site. “At McDonald’s, responsibility means striving to do what is right, being a good neighbor in the community, and integrating social and environmental priorities into our restaurants and our relationships with suppliers and business partners.”

They were one of the early innovators in stakeholder engagement and NGO partnering as evidenced by their 1991 joint task force with Environmental Defense to reduce packaging waste.

McDonald’s commitment to social responsibility also extends into the supply chain through their *Socially Responsible Food Supply Initiative*.

Wal-Mart has 1.8 million associates in 6,500 stores in 15 countries serving 176 million customers each week.¹⁵ In an article written for *Greenpeace Business*, Lee Scott, president and CEO of Wal-Mart said, “We are focused on three top-line goals: to be supplied with 100% renewable energy, to create zero waste, and to sell products that sustain our resources and our environment. Those are ambitious goals, but we never think small at our company.”

In a June 2006 speech to shareholders, associates, managers and company leaders, Scott announced a transformation plan named “Wal-Mart Out in Front,” where he outlined the five pillars of the plan the company is implementing:¹⁶

- Broadening Wal-Mart’s appeal to all customers
- Becoming an even better place to work
- Improving business operations and efficiency
- Driving growth in the company’s international business
- Making unique contributions to the community

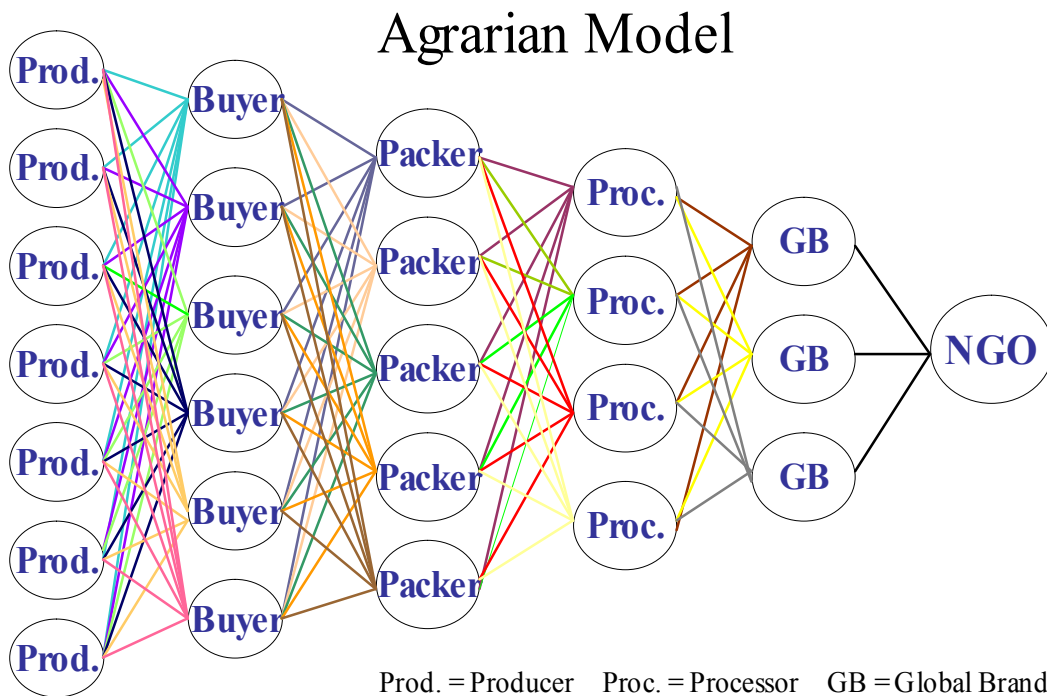
The “Wal-Mart Out in Front” campaign and the *Greenpeace Business* article recognize the triple bottom line for business; the economic, social and environmental value created or destroyed. This is the metric used by NGO’s to measure business success.

Consolidation and Integration Make It Work

The changing structure of the pork industry has been remarkable. In 1976 there were 54,934,000 hogs and pigs on 658,300 farms, or 83.44 pigs per farm. Thirty years later in 2006 there are 60,104,000 hogs and pigs on 67,330 farms or 892.67 hogs per farm.¹⁷ The vast majority of the hogs are controlled by a small minority of producers. Approximately 2% of producers control 80% of production.¹⁸

As Figure 9 illustrates, in the disintegrated agrarian model there was no efficient mechanism to pass either market or social signals back through the chain to the producer. The vast number of producers selling to buying stations that aggregated lots to send to packers that slaughtered and sent primal cuts to processors who then marketed to retailers created impenetrable barriers for efficient transfer of information and market demands. Market mechanisms were not available to NGO’s that wanted to change the behavior of the pork industry. As a result, those who wanted to change the behavior of the industry pursued their agenda through public policy or the courts.

Figure 9

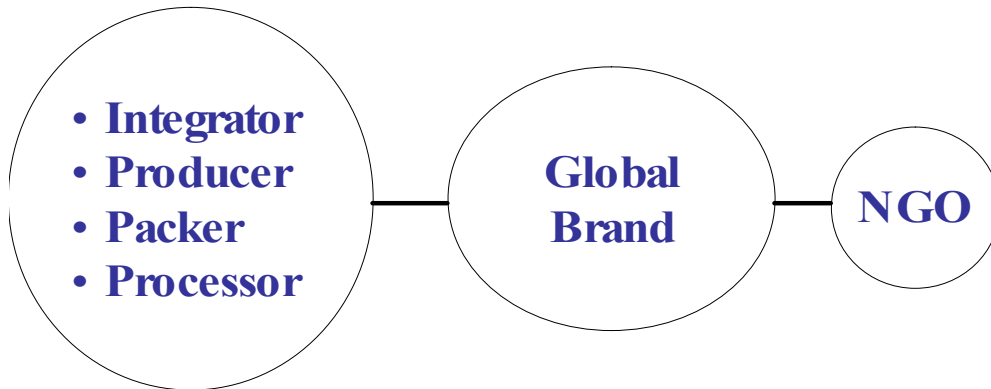


Source: CMA Consulting

As illustrated in Figure 10, today's integrated industrial model provides clear, direct channels for market signals to be transferred from an NGO through the brand directly to the integrated pork producer/processor.

Figure 10

Industrial Model



Source: CMA Consulting

As a result the pork industry (and other integrated and integrating sectors of animal agriculture) is now facing the same market pressure for socially responsible production faced by other consolidated and integrated industries. The same factors that provide greater control over the production of consistent high quality product and the opportunity to market through higher value channels now provide the opportunity for customers who are global brands to pass non-product specific attribute demands from NGO's through the chain to the integrated producer.

NGO's recognize the value of pressuring and partnering with market leaders and will focus their energy on those entities that will drive change throughout the sector.

Research on the 21st century NGO¹⁹ indicates that those with experience in partnering with business as a strategy for change have developed four rules for determining the appropriate level of engagement.

1. The company must be serious in its intent to change its behavior or take action.
2. The NGO must be able to maintain clear accountability to its own key stakeholders.
3. The company must be well placed to drive change in its own sector and across the business community more generally.
4. The NGO must be able to maintain its independence from the business partner.

In the same research, companies with experience in NGO engagement indicate they recognized value in four areas.

1. Generating business intelligence and avoiding or reducing risks.
2. Developing and expanding market opportunities.
3. Building brand equity and reputation.

4. Bringing diverse perspectives together for creativity and innovation.

The risk/benefit assessment for a relationship between an NGO and any company has to be done on an individual basis by both parties. Companies must carefully evaluate potential NGO partners as some will continue to play the role of saboteur and demonize animal agriculture to promote their agenda and solicit members and donors. However, market leading companies in other sectors, including those who are customers of the pork industry, have recognized the value of NGO engagement and are actively pursuing those relationships when the benefits justify the risk.

Some argue that the trust placed in NGO's and the high standing they enjoy is undeserved. Debating reality does not change reality. However, over time the same forces that drive accountability for corporations, i.e. investors, media, regulators, internet information sharing, etc., will increasingly bear on NGO's as they enhance their own brands and increase their market influence.

The New Model Has New Demands

Traditionally pork production in the US was accomplished through an agrarian model. Millions of small farms focused on producing pigs as the economic unit. The disintegration of the pork chain prevented efficient transfer of economic and social signals (Figure 9) so the producer remained focused on pig production alone.

In the late 1980's through the 1990's technology drove a remarkable transition from the agrarian model to an industrial model where the primary focus became the efficient production of lean muscle tissue. Technology replaced labor and the drive for consistent lean product produced at the least cost became the industry mantra.

The industry clearly underestimated the resistance and societal concern raised by the transition from the agrarian to the industrial model. Producers were unprepared for the values-based challenges that were being raised in communities where production occurred and assumed that because the transition made sense economically that it would be accepted socially. The industry failed to recognize the need to develop effective values-based communication and stakeholder engagement strategies and instead relied on science and information alone to make the case.

The change in models did not have to result in on-going conflict. In most cases, the entities engaged in the transition shared the same values as the communities expressing concern. Many of the people involved in the agrarian model were still involved in the industrial model. The industry simply failed to recognize the need for early engagement and consistent and constant values-based communication and stakeholder engagement as a way to reach mutual acceptance with the rational majority. We cannot change the past, but we can learn from it.

Today US pork production is moving to a post-industrial model where the focus will be not on the production of pigs or lean muscle tissue, but on food. Food has both product

specific (taste, quality, convenience) and non-product specific (socially responsible production) attributes that are important to consumers, customers and NGO's. The integrated systems that control 80% of pork production are looking for opportunities to brand, create additional value and extract greater margins from the market. These systems will leverage the available food attributes in their system to accomplish that objective.

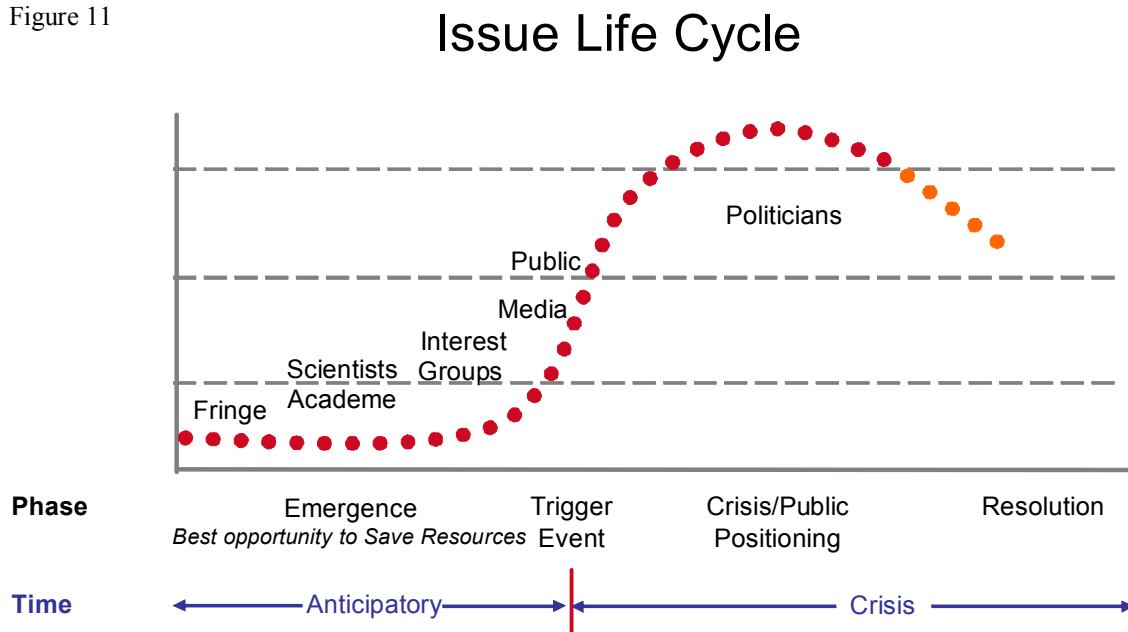
Moreover, these integrated systems are clearly linked to global brands and the influence of NGO's. (Figure 10) The demands for socially responsible production practices will continue to increase and the integrated model facilitates the efficient transmission of those market demands through the chain. These demands will initially be focused on market leaders, but will eventually become industry standards as the practices initiated by innovators are adopted by early adapters and followers.

The question becomes, "how will the industry respond to these challenges to ensure our message is not lost in translation?"

A New Model for Managing Change

Effective issue management is both art and science. The illustration below (Figure 11) depicts the typical evolution of an issue from the emergence phase through crisis and resolution. This model can easily be applied to the swine industry's environmental issues. During the transition from the agrarian model to the industrial model in the late 1980's the industry was in the emergence phase of the environmental issue. At that time, some environmental NGO's, scientists and academics began to express concern about the industry's environmental practices. In 1995 the industry had a triggering event when the Oceanview Farm lagoon collapsed in North Carolina and several other companies across the country suffered high profile manure spills.

Figure 11



Source: Corporate Environmental Strategy, Autumn, 1997, Deborah Anderson, Procter & Gamble

The industry's environmental practices were now on the front page of the local paper and on the evening news. Anywhere pork production took place media localized the national story by highlighting the environmental risk now perceived as inherent to the industry.

As a result of the public's amplified interest in the issue, policy makers increased their level of interest, offering legislation at the state and national level to improve the industry's environmental performance. Pork producers have expended hundreds of millions of dollars since the 1995 triggering event in new technology, retro-fitting existing environmental systems, enhanced environmental compliance practices, fines, legal fees and judgments, public relations campaigns and lobbying the legislative process.

It would be naïve to suggest that values-based communication and stakeholder engagement would have eliminated all of the environmental challenges faced by the swine industry. However, a compelling argument can be made that more aggressive issues management during the emergence phase of the issue would have reduced the long term cost and impact of environmental compliance.

Integration, the influence of NGO's on global brands and the relationship between global food brands and integrated pork companies calls for more aggressive anticipatory issues management. Producers can wait for market signals about production practices to reach them and then react and respond, or they can engage customers and NGO's as stakeholders to help define issues and influence the outcome during the emergence phase.

Leading companies spend significant resources researching and measuring consumer preferences to design products and services to meet those needs. Anticipatory issue management and stakeholder engagement can be viewed in much the same way. Researching the issues important to customers and consumers and engaging with global brands and NGO's offers a competitive advantage by allowing the industry to identify and define the issue and influence the outcome prior to a triggering event.

Those who choose to engage in anticipatory issues management, stakeholder engagement and values-based communication have the opportunity to reduce risk and cost, gain market intelligence, enhance their reputation and improve the bottom line.

Conclusions

It's about trust: As we increase both the distance most consumers have from the farm and the level of technology we implement in food production we have to dramatically improve our ability and commitment to build trust with our customers and consumers through stakeholder engagement and effective communication. US consumers are also increasingly interested in corporate social responsibility. In the pork industry that means non-product specific attributes like animal welfare, environmental stewardship, the use of animal health products and worker care issues. Building trust requires an increase in, early stakeholder engagement, transparency, professionalism, assessment and verification at all levels of the production and processing system.

Values matter: Science alone will not prevail. We have to recognize and accept that values influence how neighbors, customers, consumers, media and policy makers perceive us as individuals, our practices and our products.

Values-based communication and stakeholder engagement is not an altruistic exercise. It is a process that recognizes that others can and will influence your outcome and that early intervention and on-going dialogue can be the most efficient and effective way to manage issues. It is a different model for protecting your self interest that acknowledges that values matter and that at the end of the day, building trust with stakeholders is good for business. It is not abandoning science; it is recognizing that science alone is not persuasive in a values-based culture. It is recognition that the current model of contesting and litigating could be improved.

Integration, consolidation, and the relationship with global brands and NGO's change the rules of the game. Market signals that could not penetrate the inefficient structure of the agrarian model are now transmitted at the speed of the internet between NGO's, global brands and their supply chain. Opponents of animal agriculture across the world share strategies and build communities with the click of a mouse.

The industry can take advantage of this new structure by aggressively engaging in anticipatory issues management. This will require the industry to engage with global brands, NGO's and other stakeholders on a regular structured basis, but provides the opportunity to help define issues before a triggering event. This is an opportunity to reduce risk and cost, gain market intelligence, enhance reputation and improve the bottom line.

Footnotes:

- 1 – American Pet Products Manufacturing Association
- 2, 17, 18 – Ron Plain, University of Missouri
- 3 – Encarta Dictionary: English (North America)
- 4, 5 – Biodiversity project presentation on Values-based-Communications at Biodiversity Education and Communication Workshop: Reaching New Audiences, February 22-25, 2000, National Conservation Training Center.
- 6 – Kohlberg's stages of moral development – Wikipedia, the free encyclopedia
- 7, 8, 9 – Dealing with an Angry Public – The Mutual Gains approach to resolving disputes. Lawrence Susskind and Patrick Field.
- 10, 11, 12 – The 21st Century NGO – In the Market for Change, Sustainability, The Global Compact, United Nations Environment Programme
- 13 – Directory of Supermarket, Grocery and Convenience Store Chains, 2006, a publication of Business Guides Inc., and reported by FMI in Feedstuffs.
- 14 – McDonald's corporate web site
- 15, 16 – Wal-Mart corporate web site
- 19 – The 21st Century NGO – In the Market for Change, Sustainability, The Global Compact, United Nations Environment Programme