



# Outside the Box

► by **Tom Field**, University of Nebraska–Lincoln

## The customer

*Peter Drucker, considered the father of modern management, defined business success as “a satisfied customer.” While there is much to be discussed about keeping today’s customer in a state of satisfaction, it is not the most important issue for an established seedstock producer who enjoys a relatively stable customer base and has a solid reputation for producing functional cattle.*

### Future customers

A far more important twofold question should hold the attention of today’s seedstock professional:

- Who will be your customers a decade from now?
- How will they be different than your current clients?

Today’s historic high prices and inventory picture provide an environment in which profitability is such that a significant amount of time can be given to thinking about the future. An analysis of the demographics of agricultural producers, as well as the macro trends in the broader economy, point to a transformational shift in who will control assets, purchasing power and business leadership. For example, consider the following:

- Forty-three percent of today’s agricultural producers are older than 60, while only 18% are younger than 45 years of age.
- According to Robert Avery of Cornell University, by 2050 virtually all closely held and family-owned businesses will lose their primary owner to death or retirement. Approximately \$10.4 trillion of net worth will be transferred by the year 2040, with \$4.8 trillion in the next 20 years.
- Nearly one-half of all privately held firms do *not* have a succession plan in place.

These trends point to an inflection point that will affect nearly every single segment of the economy, as well as communities of every shape and size. In recent times, significant cultural and economic disruptions have been driven by innovations in technology, but the next wave of disruption will instead be driven

by a widespread shift in power and leadership.

The transformation that will sweep across society will not be the result of science and engineering, but rather in a new generation of human beings assuming the reins of decision-making. The advent of artificial insemination (AI), expected progeny differences (EPDs) and big data certainly transformed seedstock cattle production, but their impacts will pale in comparison to the coming wave of leadership and ownership change in the firms who purchase genetics.

Rest assured, the next generation of customers will be different — they will have different skills, expectations and values than the current customer base. Pause and consider the impact of these differences on the seedstock sector both in terms of individual herds and breed and professional associations, as well. Today’s business model may be woefully inadequate in meeting the needs of future customers.

While it is difficult to fully project the future, there are some very solid bets that can be made as to the characteristics of the next generation of customers and what they will expect. What follows is my list, but don’t settle for what I think. Spend serious effort in conducting your own assessment. Nonetheless, here’s my take on the characteristics of the next generation of genetics buyers.

### Profiling the next generation buyer

They will value business and family relationships more than any generation in history. The next generation will strive to build quality relationships. They won’t necessarily be dependent on face-to-face experiences, but they will most certainly

care. They will be family-oriented. They will choose to be involved in agriculture not only because of the economic opportunities, but because they will value sharing the experience with their spouses and their children in a far more inclusive way than previous

generations.

Technological capacity will be the norm and the next generation of customers won’t understand those who can’t meet their expectations for accessing information instantly, receiving that information in a very useful form, and they will abandon any supplier who isn’t

comfortable in communicating and doing business virtually.

They will not want to have their seedstock producer tell them what to think, but they will value those who engage with them to discuss and explore innovative ways to think and solve problems. The desire for information and knowledge will increase as they actively seek solutions.

The likelihood of the customer base becoming decidedly more female is nearly guaranteed. Women will increasingly have decision-making roles as owners, managers and partners. Entrepreneurial start-ups led by women are the centerpiece in the wave of entrepreneurship sweeping the global economy.

The next generation of customers will choose to live in communities where they believe they can have a positive impact, have their leadership and input valued, develop meaningful partnerships, and effectively balance their personal and work lives.

These demographic changes will affect the seedstock sector and every aspect of the beef industry! Those who prepare for the change will most surely prosper; and the rest will be left to battle over the remnants of a shrinking market.

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**Editor’s Note:** Tom Field is a rancher from Parlin, Colo., and the director of the Engler Agribusiness Entrepreneurship Program at the University of Nebraska–Lincoln.

