

ADVISORY SERVICES - THEIR ROLE AND EFFECTIVENESS

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Summary:

The term "advisory services" is often used loosely in relation to extension services, advisory services, and consultancy. Some differences are suggested. The many roles of advisory services are explored and sources of advice indicated. Factors influencing the uptake and effectiveness of advice are discussed. The author concludes that a carefully constructed advisory service can be very effective, bringing benefits to producers, consumers, and to Government itself.

Anotace:

Termín "poradenské služby" není vždy užíván zcela přesně ve vztahu ke službám pro prvovýrobu, poradenství a konzultačním institucím. Zde jsou naznačeny některé rozdíly. Jsou zkoumány četné funkce poradenských služeb a naznačeny zdroje poradenství. Jsou diskutovány faktory ovlivňující rozvoj a efektivnost poradenství. Autor dospívá k závěru, že dobře organizovaná poradenská služba může být velmi efektivní, přinášet užitky výrobcům, spotřebitelům i státu samému.

Key words:

Extension, Advisory Services, Consultancy, Agro-Food Industry.

Klíčová slova:

služby, poradenské služby, konzultace, zemědělsko- potravinářský komplex

It is a great pleasure to be invited to give a paper at your conference. The University of Agriculture in Prague has a high reputation and has produced many of your country's leaders in the field of agriculture. As the Czech Republic moves towards a Western type of economy, the importance of the Faculty of Economics and Management cannot be overstated and can only increase. Its role in the process of transformation is a key one and I wish the staff of the Faculty every success in the challenging times that lie ahead.

My paper is based upon many years of practical experience as an adviser and consultant in the United Kingdom. It has also been my privilege to work on a number of occasions in the Czech and Slovak Republics, during which time I was able to see a variety of farms of different types, retail outlets, and processing plants. Nevertheless, delegates to the conference should see my paper as a contribution to the debate, rather than a recipe for advisory services in your country. Decisions in this area are for the Czech authorities to make, based upon a much deeper knowledge of agriculture in the Republic, Government priorities, and the many other factors which have a direct or indirect bearing on agricultural policies.

EXTENSION, ADVICE, CONSULTANCY

There is a tendency to use the term advisory services in a broad manner when, in fact, it covers a spectrum ranging from extension through advice to consultancy.

Extension has been defined as "Extra-mural instruction by a university or college". Extra-mural is "Outside the walls or boundaries, additional to ordinary university teaching or studies; especially for non-residents". Instruction is "Making known to a person what he is required to do, providing direction".

So the main elements in the concept of extension are:

Location - instruction away from the university

The audience - for non-residents

The content - additional to ordinary studies

Essentially, the extension worker takes his (or her) lectures, instructional sessions, or demonstrations out into the country areas and hopes to attract a worthwhile audience of interested people who will take away the message and apply it in their working lives. The audience has to be sufficiently motivated to come to the meeting, and sufficiently convinced by the material presented to make changes.

Advisory work is different in that the adviser gives much of his advice to the individual based upon his understanding of the individual's business. It is commonly only of a technical nature but may also be of a whole business nature. It is usually free of charge.

The consultant normally charges a fee. He tries to give a very high standard of advice and to ensure that the recipient acts upon it. Assuming that it is good advice, the farmer or businessman, in following it up, sees the benefit in relation to the cost. He is likely to be satisfied and to come back in future for more.

ROLE OF ADVISORY SERVICES

Advisory services have mainly been initiated by Governments, who tend to have similar core objectives: improved security of food supply, improved balance of payments with other countries, food price stability, and improved standards of living in rural areas.

Some Governments see the advisory services as sharpening competition and efficiency in farm business, being convenient and competent to undertake the technical side of regulatory and grant work, and acting as a sounding board for discussion of the possible implications of existing and proposed policies.

For the farmer or food processor, the role of the advisory services is split into three broad categories:

1. Technical advice - problem solving, latest technology, independent opinion, confidentiality.
2. Economic advice - business structure, enterprise mix, resource use, quality, marketing, contracts, profitability, etc.

3. Information - sources of capital, grant aid requirements, machine manufacturers, results from research, etc.

For the wider agricultural and food industry, the advisory services offer a channel to feed into Government policy, a means of keeping up to date technically, a link between primary producer and processor, and an overview of the state of the agro-food sector in the national economy.

AVAILABILITY OF ADVICE

In most countries the main source of advice is the state agricultural advisory service. It is widely available geographically and covers a very broad range of subject matter. Some long-established services are also deeply involved in food processing and marketing. In some countries advice is still completely free, but there is a general tendency towards charging for at least part of the advice on offer.

Professionals such as lawyers, accountants and veterinary surgeons are readily available but invariably charge fees. Private consultants often specialise in particular subject areas such as drainage, nutrition, or marketing. The larger firms of business consultants often have accountants and lawyers on their staff. Many banks have a few advisers on their staff, but although they assist farmers to some extent with their business problems, their main function is to look after the bank's interests in the farming community.

Supply firms, which sell seeds, fertilizers, sprays, etc. to farmers often have technical representatives, some of whom have great expertise in their particular field. However, their main concern in the long run is to enhance their company's standing with a view to higher sales and greater profitability.

Information is also available to farmers from various sources such as radio, television, videos, books, magazines, training courses, conferences, and farmers clubs.

UPTAKE OF ADVICE

Whether and to what extent advice is taken and acted upon depends on a number of factors. For example, the farmer may not be attuned to taking advice. He may be very mature and experienced, and may consider it impossible that a younger non-farming person could know anything more than he does about his enterprise. At the other extreme, some farmers greatly enjoy "picking the brains" of an adviser and are innovators in their own right. Again, the personal relationship between farmer and adviser may be crucial.

Overall profitability of the business can have a bearing. If there is no pressure on profit and standard of living, there may well be no pressure to take advice and improve the business.

The availability of capital or credit is often a limiting factor in taking advice. However, it should be noted that a good adviser would normally have ascertained this and tailored his advice accordingly.

The nature of the problem has a large influence. For example, if animals are dying, a food processing line has broken down, or the bank is withdrawing credit facilities, advice will be taken urgently. For less critical events it may not be taken at all.

When introducing new techniques, advisory services commonly take the adoption/diffusion approach, whereby the results of research are introduced on to the farms of leading farmers, whose new systems are then copied progressively by other farmers in the locality. This process can take many years, and there is always a small number whose basic inertia precludes significant change of any kind.

Some farmers rarely take advice but receive a great deal of information from various sources. This is not to be condemned but there are occasions when a good adviser would discover that while, for example, the beef enterprise had been improved, it was still losing money and should really have been removed from the farm system and replaced with something more profitable.

In most circumstances it is better for the client to improve his present enterprises rather than chop and change the system. If that is not enough, then greater change may be necessary.

Uptake of advice is highly influenced by the adviser himself. A competent adviser must be adequately trained in the first place and take an additional skills as necessary. He needs to have a basic education with a depth of knowledge in specific sciences, technology, economics, and human relations. He must have communication skills and be able to distil, condense and transfer information, and engage in informal teaching. He must be a decision maker, able to develop joint community programmes, identify problems and trends, and apply his technical knowledge to solving them.

EFFECTIVENESS OF AN ADVISORY SERVICE

One writer lists the conditions conducive to the establishment of an effective extension service as follows:

A national policy establishing the educational role of the extension service and its relationship to other elements of agricultural and rural development.

A philosophy of extension education embodying the concept of human resources development as a major goal.

Sources of appropriate technical information.

Sources of trained people for extension work.

Adequate ancillary services, eg supplies, credit, transportation, veterinary services, etc.

An environment conducive to continuing agricultural and rural development, including political stability, incentives for production, and due reward for the producer.

Notice the emphasis on education, information and agricultural policy.

Moving along the spectrum from extension, through advice to consultancy, much of the above retains its relevance. However, greater concentration on individual businesses and a higher incidence of charging are increasingly encountered.

Effectiveness can be looked at from the point of view of the farmer, the adviser, or the Government.

There can be little doubt that most advice suggesting changes has meant improvements for farmers, first of all in their businesses and subsequently in their standard of living. In many cases the improvements have been spectacular. Often, simple advice on varieties, lime status of the soil, correct feeding of livestock, etc have made big differences to profitability. Government, as paymasters of the state advisory services, had to judge how much resources to devote to agricultural improvement, but it is only since the onset of direct charging that farmers have had to balance benefit against cost. The good news in the United Kingdom is that, after six years of charging, it is fully accepted and farmers spend more each year on advice. Of course, some functions without a clear benefit cannot be measured in the same way. Examples are analysis of soils (without advice unless requested) for a fee, and hygiene inspection of dairy premises.

From the adviser or consultant's point of view, effectiveness is measured by income - either Government's continued willingness to fund the operation, or direct earnings.

From the Government's point of view, much has been achieved. Just after the Second World War, the United Kingdom needed to produce more of its own food to ensure against its overseas supplies again being reduced by enemy action. The advisory services were very active in achieving that aim. In the 1960s, the emphasis of Government policy moved from production to efficiency. Again the advisory services made a major contribution towards this end. In the 1980s, when the European Community moved into surplus in many commodities, the advisory services were there to help farmers adjust their systems accordingly. As the Common Agricultural Policy of the Community becomes more and more complex in the face of continuing surpluses, and policies relating to pollution, conservation, animal welfare, etc become more important, the advisory services are still active in helping farmers to adjust.

Of course ADAS, and advisory services in various other countries, spend a great deal of their time working for Government on a contractual basis, and in this sense Government is just another client. On behalf of Government, ADAS conducts certain types of statutory and regulatory work with farmers, undertakes agreed programmes of research and development, and

furnishes certain categories of free advice to farmers. It also provides up to date technical intelligence and advice to Government. Given its highly developed technical background and close working relationship with the industry, ADAS is able to meet these requirements effectively.

A recent OECD report on the subject of charging for advice concluded that it was more likely to attract higher-income users. However, those who used it were generally satisfied. Major advantages identified were:

- a) A more market-oriented focus.
- b) A more efficient and effective use of advisory resources.
- c) A higher quality service and advice.
- d) An enhanced degree on specialisation.
- e) More motivated staff.
- f) An improved, more professional, client/adviser relationship.
- g) The development of better advisory packages and techniques.
- h) Stimulation of more innovative thinking.
- i) Reduction of Government expenditure and subsidies.
- j) A better measure of demand for specific services.

Almost all of the comments made in this paper are derived from a situation in which the market economy has been in place for a very long time, where individuals appreciate the importance of quality goods, efficient production and personal incentives, where an appropriate infrastructure is long-established, where there is some measure of political stability, and where incomes are relatively higher than in most countries of Central and Eastern Europe.

In setting up an advisory service in the Czech Republic, Government will no doubt focus on its objectives, prioritise them, and devise the type of service best able to meet them. Whatever shape or form it takes, there can be little doubt that a carefully constructed advisory service can be very effective in bringing benefits not only to producers, but also to consumers and, not least, to Government itself.