



UNITED STATES INTERNATIONAL UNIVERSITY

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## TEACHING NOTE

# HILLSIDE GREEN GROWERS COMPANY: TO FARM OR NOT TO FARM

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### **Brief Synopsis of the Case**

Hillside Green Growers was established in 1998 to export mangoes and vegetables to a dealer in the Middle East. It has grown since then to a permanent staff of 25 in addition to anywhere between 150 and 200 casuals and a market reach in both Europe and the Middle East.

The high standards expected in the European market meant that Hillside Growers was placed in a position where it had to make a lot of improvements in its own operations. A major one was the coaching it enrolled for in 2007 by the Center for the Promotion of Imports from Developing Markets (CBI). For two years, CBI audited and evaluated the company to help it deal successfully with European standards and it finally entered its first exhibition at the Fruit Logistica that is held in the Netherlands in 2011. Major drawbacks in meeting the stringent standards have been from the fact that Hillside Green Growers relies on small scale farmers as suppliers of its produce. These have low levels of reliability in addition to a multiplicity of problems that bedevil the agricultural sector in Kenya.

The current CEO, Mrs. Eunice Mwongera, who is also its founding director, knows that the company needs to move into the next level of expanding its market share in Europe.

Maina Muniafu, Associate Professor of environmental Science prepared this case with the assistance of Professor Barbara Jamieson of Edinburgh Business School, Heriot Watt University U.K. and Professor Leif M. Sjoblom of IMD Business School, Switzerland, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. United States International University (USIU) acknowledges the support of Global Business School Network (GBSN) and financial support from Bill & Melinda Gates Foundation (BMGF) in the preparation of this case study.

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## **Teaching Objectives**

1. Understand the regulations and standards for the European market
2. Describe strategies of overcoming the challenges faced by Kenyan agribusiness export companies
3. Explain the pros and cons of own farms versus small scale farms in the agribusiness export business
4. Identify strengths and weaknesses in successful agribusiness export companies

## **Immediate Issue**

- Requirements for the EU market for agricultural products

## **Basic issue**

- Challenges faced by agribusiness export enterprises in developing countries

## **Suggested Additional Readings**

Europe Union General regulations

Forum Issue 3, 2011

CBI

Eunice USDA

Hillside Green website

## **Possible Teaching Aids**

Video interview of case protagonist will be produced after teaching the case the first time.

## **CASE TEACHING PLAN AND ANALYSIS**

The case is designed for a 120 minute teaching session (see rough breakdown by question below). The first time the case is taught the protagonist will attend class, and the session will be videotaped for future use. The Teaching Note will be updated at this point.

The first part of the class session focuses specifically on the case, while the latter part will relate the insights from the case to the own experience of the students and give them an opportunity to share possible solutions to their challenges.

**Potential questions for use in class**

1. Identify the range of regulations and standards for the European market (10 minutes)  
 The standards are discussed on page 5 of the case and in Exhibits 4-6. The purpose of this question is the summarize the key standards and allow the students an opportunity to ask clarifying questions

2. List the challenges that Hillside Green Growers has faced in meeting these standards in the Kenyan environment (20 minutes – page 6 of case)
  - Quality (and quantity) of the produce supplied by the farmers
  - Poor infrastructure (cost)
  - Poor government support
  - Currency fluctuations
  - Technical requirements such as traceability
3. Give the advantages and disadvantages if the Hillside Green Growers CEO makes a decision to buy/contract a farm for the company (20 minutes)

ADVANTAGES	DISADVANTAGES
Better control of quality, quantity and timing	Significant financial investment plus no guarantee you can find land in a suitable location
Avoiding costs of agronomist collecting (and assuring quality) in the field	Additional complexity – hiring and training of staff, possibly leading to a company size (and structure) that goes beyond the family
	Enough farming expertise?
	Existing CSR system no longer feasible

4. Are there any other solutions out of her problem? (20 minutes)
  - The best solution is probably not one of the extremes. For example, today 90% of the produce is supplied by groups and 10% is “free-lance.” The first step may be 30% own production, 60% groups and 10% free-lance. This would reduce the risk, allow for financing out of internal cash flows a minimize the disruption
5. a.) What management skills in the CEO play a role in raising the company to a level where it can meet the European standards?  
 b.) Which areas of her management style can be improved to enhance the company’s performance?

The answer will be added based on the class discussion after the case is used the first time. One possible improvement identified in the case is the addition of an external advisory board.

6. How do the challenges faced by Hillside green growers compare with those faced by your firm?  
 Open ended discussion based on the experience of the students. Sharing of solutions to common problems will be encouraged.