

CONSERVATION AGRONOMY IN AGRICULTURAL RETAIL: CURRENT STATE AND FUTURE TRENDS



Photo: Heartland Cooperative



CONTENT

■ Executive Summary.....	3
■ Introduction	5
■ Market Trends	6
— Ag Retail Analysis	8
■ Retailer Experiences.....	10
— Business Model Overview.....	11
– <i>Market and Customer Segmentation</i>	12
– <i>Finance</i>	13
– <i>Future Strategy</i>	14
— Business Model Analysis.....	15
— Emerging Trends	16
– <i>Boundary Spanning</i>	16
– <i>Grow into Complexity</i>	16
– <i>Relational Capital</i>	18
— Future Recommendations.....	18
■ Conclusions.....	20
■ A Call to Action.....	21

EXECUTIVE SUMMARY

There is an urgent need to advance agricultural conservation goals effectively using a multifaceted approach involving public and private sector cooperation, innovative financing, and the leveraging of data and retail networks.

Traditional models relying on mainly public agency staff to implement conservation programs is simply not scalable quickly enough, and innovative partnerships with other stakeholder groups is of vital importance. For example:

- Connecting farmers and landowners, particularly absentee landowners, for discussions on the tangible value proposition of conservation adoption.
- Leveraging the existing, trusting relationships between agricultural retail and farmers to provide growers with comprehensive support services for conservation. Producers are more likely to trust ag retail to deliver conservation opportunities because they “speak” farmer.
- Providing satellite services for conservation practices (such as cover crop seed, custom application for termination, soil sampling, etc.).
- Driving practice adoption and installation through financial incentives, market mechanisms, and risk mitigation packages.

Collaborative approaches will be crucial to ensuring the sustainability of agriculture and natural resources in the face of evolving challenges. Ag retailers, a lynchpin in the entire value chain, offer great potential to accelerate the adoption of sustainable agricultural practices across the landscape. We do not yet have clear, shared answers to the question of how to get the biggest bang for the buck. Yet, if we are to advance confidence in food supply, modern agriculture, and environmental stewardship, charting a collective path forward is fundamental.

This paper shares insights generated during facilitated workshops with over 100 participants at a two-day conference *Making Retail Conservation Real* held in Des Moines, Iowa, in February 2024. Also included are findings from a qualitative research project on conservation business model innovation conducted with ten ag retailers in the Midwestern United States. These projects were sponsored by Agriculture’s Clean Water Alliance (ACWA), the Iowa Soybean Association (ISA), The Nature Conservancy, the Soil and Water Conservation Society (SWCS), the Walton Family Foundation, the Great Outdoors Foundation, Iowa Agriculture Water Alliance (IAWA), the Campbell Foundation and the National Fish and Wildlife Foundation.

The conference outcomes and findings from interviews with agricultural retailers offer valuable perspectives on successful conservation business models. Key themes include the believed importance of integrating conservation agronomists into the business model, challenges in filling this role and integration with the sales team, the significance of education and communication, and the potential for revenue generation through conservation efforts.



INTRODUCTION

Agriculture today must navigate a critical balance between scaling food production for a growing global populace and the call for sustainable practices to protect vital soil ecosystems through various approaches like carbon sequestration, nutrient cycling, and water regulation. Conservation agronomists are vital in this endeavor, serving as the bridge between complex conservation principles and practical farming methods. They work closely with farmers and communities to customize approaches that enhance both output and crop quality, ensuring the conservation of natural resources.

Ag retailers have tremendous influence given their role in informing farmers' purchasing decisions and providing agronomic advice. There is increasing evidence of a business case for promoting conservation practices and sustainability. Across the agricultural landscape, diverse business models and partnerships are evolving to support these efforts.

For instance:

- Agricultural retailers and conservation agencies are collaborating to offer technical support and cost-sharing for conservation efforts. This can include guidance on cover crops, nutrient management, and sustainable livestock grazing.
- Partnerships between state agencies, industry associations, and/or educational institutions have given rise to programs such as the Conservation Cropping Systems and Precision Conservation Management Initiative, which grant farmers access to agronomists, educational resources and training to advance sustainable agriculture.
- Emerging programs, funded by private foundations, industry partners, or downstream communities, provide financial incentives to farmers who are willing to adopt new conservation practices on their farms that yield positive environmental outcomes.
- Agricultural cooperatives provide their member farmers with access to specialized agronomic services, up-to-date agricultural products, and the delivery of environmentally sustainable practices on the land.
- Companies like Truterra and Archer-Daniels-Midland (ADM) are also pioneering efforts in conservation agronomy. Truterra's Conservation Agronomist program works with ag retailers, and is partially funded by USDA/NRCS, grants from the National Fish and Wildlife Foundation, and national, state, and local conservation districts. ADM's conservation agronomy program "re:generations", launched in partnership with local conservation agronomy groups, supports farmers' legacies and consumer demand by implementing and compensating farmers who use conservation agronomy practices.

Collectively, these initiatives and business models represent a concerted effort to align agricultural profitability with environmental stewardship. They reflect a growing recognition of the role that agronomy can play in addressing climate change and natural resource concerns while supporting economic viability for farmers.

MARKET TRENDS

There are at present parallel efforts among a variety of stakeholders who are working to support conservation in agriculture. Public organizations at all levels, industry allies, corporate partners, and private sector retailers are all working towards achieving shared outcomes on the land. Our agriculture assets are not static resources, and their long-term viability is not guaranteed. Soil health and water quality must be addressed to secure the livelihood of future generations. Solutions to these issues will require deliberate, coordinated, and direct action.

FEDERAL LEVEL

At the federal level, officials recognize the importance of broadening the scope of United States Department of Agriculture (USDA) partnerships and adopting new collaborative tools to scale up conservation efforts. For instance, the Inflation Reduction Act (2022) provides significant funding, nearly \$20 billion, for Climate Smart Agriculture and Forestry, aiming to improve soil health and nutrient management. Additionally, the USDA Climate Smart Commodities program seeks to develop marketplaces for climate-smart products, engaging a diverse array of producers and enhancing the flexibility of technical assistance. This program at present is supporting 141 projects with a total investment of over \$3 billion.

STATE LEVEL

States are also seeking ways to improve stewardship on the land. For example, public leaders from the Iowa Department of Agriculture and Land Stewardship (IDALS), along with peers in the USDA, have been advocating for a transformative approach toward agricultural conservation, highlighting the necessity of flexible government policies, robust partnerships, and innovative pilot projects to significantly advance conservation goals. The vast majority of Iowa farmers want to take care of land and water for future generations, but this has to make sense for their farm both operationally and financially. Therefore, IDALS has made significant investments advancing conservation goals, such as millions in cost-share dollars matched by Iowa landowners to support conservation efforts. It has also initiated pilot programs to embed conservation agronomists in ag retail locations with partners like ACWA and ISA, aiming to increase the adoption of conservation practices across Iowa. Similar efforts are underway in Indiana through the Conservation Cropping Systems Initiative (CCSI) and in Missouri.

LOCAL AND INDIVIDUAL LEVELS

While Iowa is a leader in agriculture conservation, most of these improvements to date have focused on soil conservation. Farmers are using reduced tillage or other conservation practices on more than 78% of cropland and planted over 4 million acres of cover crops in 2022. Moving forward, there is more work to be done on nitrogen reduction. As such, IDALS is investing in projects to modernize and adapt nitrogen rate recommendations as well as ramp up edge-of-field and

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Soil health and water quality must be addressed to secure the livelihood of future generations.

water management practices. Both 2022 and 2023 were record years for cost share practices with the state distributing \$23.2 million in cost share dollars in 2023 alone. As such, local farmers are seeking a growth in investments from federal agencies, state funding, and private dollars.

Cities and downstream communities are similarly involved. For instance, the city of Cedar Rapids, Iowa, has implemented innovative water management strategies following severe floods in 2008, and is participating in a federal regional conservation program aimed at nutrient reduction and flood protection. Alongside cities, groups such as the Great Outdoors Foundation Conservation Fund are leveraging private dollars to foster private–public partnerships that amplify conservation resources and build infrastructure that promotes community wellness and recreation.

Beyond the public sector, corporations and industry players are also interested in supporting farmers and retailers in employing sustainable practices. Robust and effective partnerships ensure that conservation efforts are both impactful and scalable. For illustration, Perdue Agribusiness has launched a pilot program incentivizing farmers to adopt no-till and cover crop practices. There is interest among consumer-packaged goods companies in partnering with growers to promote sustainability to offset their own carbon footprints. Emerging technologies and products in energy and food will also encourage conservation-focused policies.

Data-driven investments and innovations in agricultural markets illustrate diverse strategies to enhance conservation by addressing financial viability and impact modeling. Firms like Advanced Agrilytics provide precision in nutrient management using tools like satellite data to optimize fertilizer application and minimize environmental impact. The use of block chain and the coming age of artificial intelligence will certainly enhance efforts to speed up analysis and reporting to reduce the cost of farmers participating in conservation programs.

These developments also allow market makers like AgOutcomes to create a robust agricultural ecosystem service market that aligns environmental and economic goals to deliver value back to farmers. Agricultural lending is also using data to promote conservation practices such as programming from the Farmers Business Network that incentivizes sustainable practices with financial benefits. In essence, there is an exciting evolution taking place in specific and direct incentives to support systemic change.



Photo: Heartland Cooperative

AG RETAIL ANALYSIS

In the midst of all this market activity, ag retailers are poised to take on a greater role in delivering conservation to farmers and may be the key to doing so quickly. Figure 1 summarizes a SWOT analysis for these organizations moving forward.

	POSITIVE	NEGATIVE
INTERNAL	<i>Leverage our STRENGTHS</i>	<i>Shore up WEAKNESSES</i>
	<ul style="list-style-type: none"> • Farmer relationships • Integration of practices • Networks and partnerships • Technology • Sales knowledge 	<ul style="list-style-type: none"> • Counterintuitive business model • Pace of change and resistance to change • Complicated incentive programs • Landowner-tenant dynamics • Narrowly defined ROI focus • Uneven knowledge and resources at the local level
EXTERNAL	<i>Explore OPPORTUNITIES</i>	<i>Address THREATS</i>
	<ul style="list-style-type: none"> • Applied research • Increased public funding • Education • Field certification • Finance and risk solutions • New market creation • Public demand 	<ul style="list-style-type: none"> • Burnout and resilience • Getting to scale quickly • Regulation and litigation • Unstable/uncertain markets • Workforce strategies

Figure 1. Strengths, Weaknesses, Opportunities, and Threats (SWOT) Conservation in Ag Retail.

Retailers already have advisory relationships and sales channels with farmers that can be leveraged to share information about conservation and perhaps provide implementation services. This is a key organization capability that other players in the supply chain do not have. Some also have robust access to technology and producer data that allows them to serve their communities more quickly and efficiently through integrated approaches to managing farm operations.

Despite these assets, ag retailers are faced with a complicated, changing web of opportunities, such as grants or cost share programs, that they need to navigate to help farmers. Such efforts are complicated by the fact that there can be a perceived tension between different aspects of their business, i.e., selling both chemical products and conservation practices. For instance, while precision agriculture and variable rate technologies may be better for the land, retailers need to figure out how to recoup lost revenue from reduced sales. And not all producers, or absentee landowners, eagerly embrace change — meaning that retailers have to carefully assess their client base when evaluating conservation opportunities.

The external market to which retailers respond is also quickly evolving as discussed earlier. There are, for now, high levels of public investment and interest in conservation. As new markets evolve, commercial vehicles and new organizations will emerge to provide the financing, insurance, education, and other solutions to meet them. Moreover, there is a sentiment that conservation may become mandatory at some point, which will spur additional, rapid development. Like all organizations facing opportunities, however, retailers must also make strategic choices. For all the innovation and enthusiasm, some leaders cited instability and regulatory uncertainty as sources of drag. For example, as government priorities change then incentive programs change too quickly for long-term planning and can carry an administrative burden for which retailers are not staffed.

Ag retailers have an opportunity to lead the demand curve being created by government, industry and farmers.

Facing all these market trends, ag retailers have an opportunity to lead the demand curve that is being created by government, industry, and farmers. They could be a resource for rapid change, but this will require a concerted effort. With the support of all the stakeholders in the marketplace, retailers could provide producers with easy, turnkey solutions, leveraging the understanding they already have of each farmer's goals and individual situation. If the barriers to entry can be eased, and the cost and risk mitigated, ag retail could become the force multiplier in conservation to reach environmental and climate goals that government and nonprofits alone will not achieve.



Scenes from the Making Retail Conservation Real meeting, held in Des Moines, Iowa, February 2024.

RETAILER EXPERIENCES

While preparing for the *Making Retail Conservation Real* conference, questions arose about the first-hand experiences of ag retailers who are promoting and providing conservation services to farmers and how their businesses have been affected. To gain a broader understanding of successful conservation business models, ten agricultural retailers were contacted for participation in a semi-structured interview about their experiences with conservation agronomy. Most of the sessions were conducted one-on-one virtually in Q4 2023 – Q1 2024 and lasted 30-90 minutes. After gathering brief biographical information, the interview protocol directed participants to focus on their successes and challenges regarding integrating conservation agronomists (CAs) into their business models. The interviews were analyzed thematically and are reported below in the aggregate.

Some important takeaways:

- 100% of CAs and executives interviewed said they want to deliver more conservation to customers, and are seeing demand from farmers, but there are serious headwinds which include primarily:
 - A real and measurable yield drag for some practices (especially initially).
 - The threat of losing customers if practices “don’t work” for farmers, which impacts other traditional revenue streams.
 - Lack of clarity about ROI and evaluation methods.

Some potential solutions include:

- Providing neutral third-party expertise to enable farmers to take both agronomic and conservation practices into account for their strategies in whole farm management.
- Embedding expertise “in-house” within the retail or co-op.
- Enhanced education about conservation in the curricula of students who are studying agriculture in high school and universities.
- Creating and promoting financial and risk instruments that are stable over time.



BUSINESS MODEL OVERVIEW

There was broad agreement that solid and consistent leader support is vital for conservation to be successful within a retailer's operation. Everyone in the company is more likely to buy into new ideas and services for customers if there is consistent communication from the top. Stakeholders also generally agreed that having a CA as part of the business model demonstrates a commitment to protecting a grower's operation into the future for the next generation. Nonetheless, sourcing individuals with the requisite skill set and genuine enthusiasm for the role and who can build trust with growers, presents a notable challenge. Despite this hurdle, all stakeholders unanimously acknowledged the positive impact of having a CA within their business framework and expressed a keen interest in maintaining and expanding this role in the future.

"We are still in our infancy regarding a CA. I can see down the road, in the next 3-4 years...we probably will hire someone that will cover a broad area that focuses on the conservation practices and helps our other locations. This will lead to talking about not just conservation agronomy but also the total sustainability platform."

"We need a conservation agronomist embedded in every aggregate in my personal opinion. It's a different set of skills [and] growers are going to need to have a trusted advisor and the sales agronomists have way too many things on their plate."

"So, the biggest challenge is finding somebody that fits that role, you know, and you have to have a bit of sales agronomist skill set. But you also need to have the conservation. He [has to know] some of the conservation, how that works. And to find that perfect person is like a unicorn."

Another notable challenge in adopting the CA role has been effectively integrating it with the sales team. While leadership support can help in this regard, effective onboarding has to be part of the operation. One stakeholder posited that bringing a CA in-house will provide them with greater control over the CA's activities and foster better cooperation internally. This shift is seen as an opportunity to streamline the direction of the CA's efforts and bolster cooperation within the organization.

"The CA has not really changed us, but by trying to bring this resource in-house, we think we can direct activity of the CA better and get more cooperation internally. The CA work is a tough sell with farmers, takes the right personality and strategy to get farmers to change."

Other retailers proposed that clear communication with staff will be key to build trust when bringing a CA to the team. Furthermore, the spread of the workload for the CA will have to be managed. Sales staff need to have a good understanding of available resources before involving the CA.

“I think the big thing that has to be communicated is that this conservation role, even though it’s going to be kind of out of their [sales staff’s] comfort zone, helping him succeed, is all going to be for the best of the co-op.”

Education is also important. As one retailer put it, *“I think there’s a big thing that needs to be education of not only our sales team, but our farmers.”* Besides the sales staff and farmers, there will also be a learning curve for the CA, *“They’re going to have to be able to talk to people and handle objections, maybe even some confrontation.”* Stakeholders agreed on the significance of not only possessing technical skills but, more importantly, social science skills so they can effectively address the main concerns among farmers including both the financial return on investment and the sustainability outcomes.

MARKET AND CUSTOMER SEGMENTATION

Perspectives among retailers regarding the current market landscape for CA-related activities reflected a range of opinions. While some perceived these initiatives to have minimal impact currently, others recognized a growing trend in their significance. One agricultural retailer stands out for strategically involving CAs from the beginning of a customer interaction: *“As sales agronomists meet with growers, if there is interest, we get CA involved to develop a conservation plan for that grower. We are a trusted advisor.”*

Although the present impact on customer acquisition appears limited, there’s anticipation regarding the potential for CAs to become instrumental in attracting new customers down the road. Moreover, as retailers deepen their understanding of what works and what doesn’t in conservation practices, there’s a proactive stance towards tailoring products and services to align with conservation goals in the future. This iterative process underscores a commitment to continuous improvement and responsiveness to market dynamics.

“[The CA has] not had as much [impact] on acquisition so far, but may be coming – I’ve had some customers through the CA.”

“It is our hope that this creates customer loyalty as well as growth of clients, but we have not seen much yet. We are hoping the new strategy will change that.”

“Others have made more progress with CAs, we need to meet this need better. As carbon markets grow and as identity preserved grow, we need to better implement these practices. We need to analyze what is working and not working and make recommendations to our farmers.”

[I’ve] seen a shift from “it’s just the government telling me what to do again” to a more open mindset [among farmers].”

“It’s got to make some money, but...it’s tying that grower back to the retailer to be able to solidify that position at the farm gate. There’s no reason for a grower to look outside the retail network. They’ve got everything from their local retailer that needs answered.”

Lastly, customer feedback serves as a cornerstone for refining strategies and enhancing customer satisfaction. Retailers actively solicit feedback through various channels, including comments, one-on-one interactions, surveys, and market trend analysis.

“Mostly its one-on-one interaction with our customers to understand what has worked best for them on particular farms. We then take that aggregated data, understanding what works, to develop programs that are good for the environment.”

FINANCE

Stakeholders agreed that there is a potential for revenue-generation embedded in conservation efforts. This encompasses various avenues, including harnessing conservation innovation grants, offering specialized services like coordinating data management programs, supporting identity-preserved commodities, and venturing into revenue generation through the sale of cover crop seed, further diversifying their income streams.

Moreover, another retailer emphasized that while immediate financial gains from the CA initiative may be limited, nurturing stronger relationships with customers can open avenues for selling complementary products in the future. This strategic perspective underscores the broader value of the CA role beyond immediate profitability, highlighting its potential to cultivate long-term customer loyalty and drive holistic business growth.

“We won’t really make money on it, other than strengthening that relationship, we hope to extend this to selling them other products (e.g., petroleum, seed, etc.).”

Stakeholders also shared that conservation agronomists play a central role in navigating the intricate landscape of public and private financial partnership programs. These professionals are relied upon by retailers to track available funding sources and provide farmers with guidance on effective fund utilization. Some farmers have had frustrating experiences attempting to interact with the public sector. These experiences are exacerbated by a mistrust among some of government and regulation that may seem misaligned to farm productivity and yield. The private sector can help overcome these barriers through its role as a trusted advisor.

“We rely on the CA to sort through what’s available and what will provide the most benefit.”

Finally, some retailers are actively seeking, or are planning, to understand the return on investment (ROI) associated with CAs. However, they acknowledge that measuring this has been challenging.

“We got to figure out the structure yet and, we’re just so early in the process that we haven’t got down that path yet.”

FUTURE STRATEGY

Looking ahead, it is evident that CAs will play a significant role in the long-term strategic planning processes of these retailers. One retailer will hire their own in-house CA with the help of a grant. Another retailer envisions CAs will just be a part of the total crop plan. As one individual noted, *“the CA role will be more important for directing dollars to where they can be utilized.”*

Moreover, fostering a collaborative network of CAs is deemed essential for maximizing impact.

“I think that they’re going to have to work together as a group in order to achieve that, work on projects together no matter if it’s for them or it’s for us, or whoever, and learn.”

Retailers also indicated a notable surge in interest among farmers for practices such as no till, strip till, wetlands, and bioreactors. The presence of financial incentives has catalyzed this interest. Amidst this expanding momentum, there is a lack of standardization when it comes to different programs, tests for soil health, outcomes, metrics, etc.

“The sustainability space is always...it’s always a moving target. I mean, there’s not a clear path because we’re forging that path, you know, as we go.”

Key Performance Indicators used to measure the success of conservation business models included:

- New acres dedicated to cover crops
- Number of edge-of-field practices like buffer strips and bioreactors
- Number of no till acres
- Grower educational meetings
- Number of new wetlands
- Improved water handling
- Number of farmers assisted in earning incentives
- Number of customers, sales volume and profitability
- Impact on customer ROI and environmental sustainability
- Success based around providing services (e.g., grain services, fuel, agronomy) at a fair price
- Amount of revenue returned back to farmers
- Customer attraction/retention rates.

It is noteworthy that many of these are measures and counts of input activity. There is an appetite for more standardized metrics focused on outcome and impact.

BUSINESS MODEL ANALYSIS

Figure 2 below summarizes the business ecosystem across the cases interviewed as a business model canvas. Their compiled perspectives provide for a more holistic view of conservation as an additional value-added activity for ag retailers.

KEY PARTNERS Corporations (increasing Consumer Product Goods) Foundations Government Industry associations Research groups Universities	KEY ACTIVITIES Advising Practice design and build Grant writing Sales	VALUE PROPOSITION Better agronomics Expertise in sustainability Education and outreach Differentiation in services Regulatory compliance Risk mitigation	CUSTOMER RELATIONSHIPS Key asset for retailers is direct and trusted relationships with growers	CUSTOMER SEGMENTS Farmer personas: <ul style="list-style-type: none"> • Early adopters • Conservation curious • Skeptics (typically do to weather issues, land ownership, or nearing retirement and don't think they'll see the ROI) • Landowners
	KEY RESOURCES Agronomists Grant writing Partnership management Third-party service providers		CHANNELS Existing sales channels: <ul style="list-style-type: none"> • Sales agronomists as lead generators • Referrals New sales relationships where conservation is lead	
COST STRUCTURE Human capital is primary driver either because existing people are deployed to administrative tasks such as data or new staff (conservation agronomists) brought on board.		REVENUE STREAMS Grants and incentives Cost share programs Fees for service implementation		

Figure 2. Business Model Canvas, Conservation in Ag Retail

The business case for increased conservation work within private ag retail centers upon:

Additional Expertise: Expanded ability to advise farmers on practices aimed at minimizing environmental impact while maximizing productivity, e.g., reduced tillage, cover cropping, crop rotation, and precision agriculture through plans tailored to each operation.

Differentiation and Market Positioning: Offering conservation services can set an ag retailer apart by demonstrating a commitment to environmental stewardship. This can attract some farmers and enhance the retailer's reputation.

Land Stewardship: By promoting practices that enhance soil health, water quality, and biodiversity, the ag retailer can contribute to improved yields, resilience to climate change, and overall profitability, fostering deeper client relationships.

Regulatory Compliance and Risk: With increasing regulations related to environmental concerns, ag retailers can ensure that their clients remain compliant with relevant laws. This reduces the risk of penalties for non-compliance as well as future regulation.

EMERGING TRENDS

While these organizations interviewed were at different levels of development in terms of the integration of conservation into their businesses, there are still several important commonalities in their experiences that merit commentary.

BOUNDARY SPANNING

A boundary spanner is an individual or a role within an organization who bridges the gap between different departments, functions, or external entities. They act as intermediaries, facilitating communication, information exchange, and collaboration across organizational or contextual boundaries. Boundary spanners play a crucial role in integrating diverse perspectives, aligning goals, and ensuring that organizational activities are coordinated effectively. They often possess strong interpersonal skills, cultural awareness, and the ability to navigate complex relationships across organizations. Boundary spanners can include managers, team leaders, customer service representatives, or any individual who regularly interacts with multiple stakeholders to facilitate the flow of information and resources.

Every participant cited conservation agronomists as filling an institutional gap in the value chain between ag retail and their producers on one side and government programs and funding opportunities on the other. While growers may see value in participating in programs that offset possible losses and risks for implementing conservation, they also see them as extremely bureaucratic, difficult to access, and costly to manage. The presence of an expert who has deep knowledge of conservation opportunities and can aid in the selection and execution of programming was unanimously viewed as an advantage to growing this business segment.

GROW INTO COMPLEXITY

Starting a new service area for any company can be an exciting opportunity for growth and diversification, but it also presents several challenges. In this cohort, we can see some of the choices and tensions that present themselves as retailers balance different objectives for their own businesses and the well-being of those they serve:

- 1. Market Understanding:** Understanding the needs, preferences, and behaviors of customers in a new service area can be challenging. Retailers are aware that farmers hold diverse attitudes towards conservation, so time must be invested in selecting the right participants for these sorts of programs. Failure to do so risks the trust that they have built with local growers over time. Additionally, the growth in carbon markets, opportunities for upstream–downstream collaboration, watershed management districts, etc., will influence the future conservation business opportunities available to farmers. They will need assistance to take advantage of these developments.
- 2. Operational Challenges:** Launching a new service area requires allocating resources, including human resources and time. For instance, capacity to manage data collection and reporting was seen as an impediment to scaling trials and services. In one case there was concern about the crossover between traditional sales agronomists and conservation services. As such, retailers may need guidance on smooth coordination between different departments to avoid disruptions and maintain service quality.



- 3. Talent Acquisition and Training:** Recruiting and retaining skilled employees with expertise in a new service area can be challenging. There is a concern that finding enough people with the right skill set will prove challenging if demand for conservation continues to grow. Options to provide adequate training and development to up-skill employees may be critical in the future. Institutions of higher education will also need to respond in their curricula so young professionals are prepared for the job market they will enter.
- 4. Regulatory Compliance:** Compliance with regulatory requirements and industry standards governing the new service area is essential to avoid legal issues, fines, or reputation damage. Working to prevent future regulation that would impact the commercial viability of family agriculture was a theme that emerged during the interviews given the precarious economics of some rural communities.
- 5. Business Risks:** Launching a new service area involves risk, including upfront investments in infrastructure, marketing, and operations. Participants thought there is significant revenue-generating potential embedded in conservation efforts, offering various avenues for financial growth, e.g., harnessing conservation innovation grants, offering specialized services like coordinating data management programs, sales revenue generation through the sale of cover crop seed, practice implementation, etc. There was some concern about offering services now for free under grant programs and then trying to charge for them later as the market evolves.
- 6. Financial Opportunities:** Agriculture in the US relies heavily on credit and access to capital is indispensable for growth, and there is ample room for innovation in ag financing to support the adoption of conservation practices. This is a nearly untapped market opportunity. Impact loans and other financial products that support clients in achieving sustainability goals have been used successfully in other sectors. These financial products provide clients with interest rate reductions in exchange for meeting conservation goals. Reduced interest mitigates some of the risk involved in investing in conservation as it can take years for a farm to see positive ROI.

RELATIONAL CAPITAL

Relational capital refers to the value generated by the relationships a company has with its various stakeholders, including customers, suppliers, employees, and partners. It encompasses the goodwill, trust, and mutual understanding built over time through interactions and collaborations. Relational capital is considered an intangible asset of a company and can contribute significantly to its long-term success and competitive advantage.

Across all of the interviews, it is clear that one of the main advantages retailers bring into the conservation ecosystem is their trusted relationships with farmers. They are much more effective at recruiting growers than most representatives from government or industry. As such, those who wish to work with retailers, provide funding, or design new incentive programs should pay close attention to relational risks. Trust can take a long time to build but only takes one bad piece of advice to damage that trust. Equipping retailers with the right tools to set farmers up for success as much as possible will be crucial for expanding public-private partnerships. No one expects that there will be no business risk, but those who want to work with growers and retailers to accelerate the adoption of certain practices on the ground cannot expect them to shoulder all of the risk.

Equipping retailers with the right tools to set farmers up for success will be crucial for expanding public-private partnerships.

FUTURE RECOMMENDATIONS

Though some of these organizations experienced internal and external challenges in managing various components while participating in the grant, it is worth noting that when asked about the future, all of them reported that the growers in their communities generally wanted more access to information and resources about conservation. Given the amount of funding that is coming into this space, participants appreciated the opportunity to learn and potentially scale their business efforts. In order to stay relevant, ag retailers must be able to adapt and provide support to farmers in their stewardship of the land.

Insights for future programs would include:

- Continued promotion of practices that enhance farmer efficiency is paramount. All of the interviewees stated that retailers should be advised to **start simple**. For those with little experience, adding one shared employee to manage many complex trials is disadvantageous.
- Flexibility and patience are essential when implementing new conservation efforts. This requires created space for retailers who are willing to review programs for continuous improvement and adapt approaches based on outcomes.
- Partnering with allied organizations can lead to steady growth and success to scale implementation more quickly, whether it is a local government office, local nonprofit or association, or third-party service providers.

- Farmers see value in integrating conservation into total crop planning for comprehensive sustainability efforts.
- The primary role for the conservation agronomist on staff is to focus on conservation. Avoid using them to fill temporary assignments in the sales team or other duties that make their role confusing to growers who are exploring opportunities for the first time.
- Clearly defining goals, expectations, and timelines for conservation business activities and associated staff is essential for success along with clear expectations for overall team support of a conservation agronomist, if such an individual is hired.

In terms of research directions, the top priority among these interviewees was the continued development of a clear, simple, and shared articulation of the return on investment for conservation implementation. Each had experimented with different ways of addressing this concern among their growers as noted above. If the retail space can move towards a consensus position that can be easily used, this will accelerate acceptance among producers. There is also an opportunity to make a very clear business case and pathway for retailers to reduce their learning curve.

In sum, there is opportunity to expand the role of ag retail in driving conservation for enhanced land stewardship and a more sustainable future for food production. Continued efforts to educate retailers on the business configurations available to them — whether conservation is integral to their business strategy or remains peripheral to their core operations — and stable financial opportunities will be key to making this a reality.



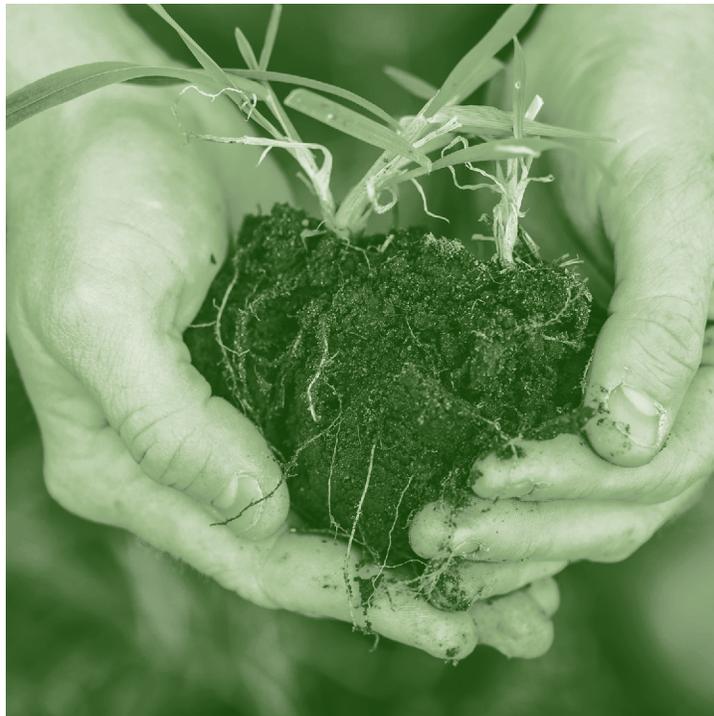
CONCLUSIONS

The insights gathered from interviews with agricultural retailers offer valuable perspectives on successful conservation business models. Key themes included the believed importance of integrating conservation agronomists into the business model, challenges in filling this role and integration with the sales team, the significance of education and communication, and the potential for revenue generation through conservation efforts.

Looking ahead, retailers anticipate trends such as increased farmer interest in sustainable practices, the role of financial incentives, and the importance of partnerships and collaboration. Reflecting on lessons learned, they emphasized flexibility in implementation and the need for dedicated support for conservation efforts.

Complementing these insights, broader research on conservation business models underscores the importance of partnerships with conservation agencies, initiatives led by state agencies and educational institutions, innovative approaches by private companies, and the role of agricultural cooperatives in promoting sustainability.

Together, these perspectives provide a comprehensive understanding of successful strategies in the evolving landscape of sustainable agriculture, offering valuable insights for organizations seeking to enhance their conservation business models. Looking ahead, sustainability and conservation are not just a competitive advantage for ag retailers — they will be required to lift the entire industry to the next level.



A CALL TO ACTION

Despite all the market potential, ag retailers alone won't be able to meet our collective environmental goals. It is imperative that all stakeholders in the value chain find ways to collaborate in the pre-competitive space to drive conservation outcomes forward through implementation at scale as quickly as possible. For systemic change to unfold, everyone will need to embrace several mindset shifts:

1. **Centering scalable conservation:** it is the compelling driver for the entire value chain.
2. **Shaping scaling conservation as an Infinite Game:** create opportunities and wins for everyone in the system, i.e., farmers, retail, policymakers, agencies, etc.
3. **Cultivating strategic ambidexterity:** everyone will be doing things in 5-10 years that no one can imagine today. But the implications of scalable conservation require strategic ambidexterity. Industry needs to ride the current wave of public interest and investment for short-term wins to build momentum. At the same time, everyone must strive to think beyond immediate needs and resources for the long-term.
4. **Embracing agility:** generate multiple on-ramps for new learning, insights, and innovations through the use of emerging technology and data analytics.
5. **Avoiding conservation as an either/or discussion:** create spaces and working on collaborative relationships among all players (ag retail, commodity groups, farmers, nonprofits, NRCS, etc.) will be critical to success.
6. **Building resiliency and persistence:** work through obstacles and setbacks is the only way to achieve the ultimate long-term end goals.
7. **Rejecting the fear of failure:** learn, grow, and improve by taking action. The only person who does not fail is the one who does nothing.

Agriculture finds itself at a pivotal point in the conservation adoption space. The challenge ahead for everyone involved is how to build sustainable coalitions and momentum to implement the strategies discussed in this paper, accelerate private sector involvement in scaling conservation practices on the land, and ensure that farmers are able to manage economic and environmental outcomes in stewarding the land for future generations.

ACKNOWLEDGMENTS

Our sincere gratitude to all of the “Making Retail Conservation Real” attendees and sponsoring organizations for the shared insights and experiences that are included in this white paper. A special thank you to those individuals who agreed to be interviewed. We respect keeping identity anonymous and your perspectives are important step in continuing to mature this workspace. You know who you are and thank you!

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July 2024

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