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STRATEGIC RESPONSES TO THE DROUGHT:
THE RHETORIC OF SELECTED BUSINESS
DECISION MAKERS

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**Rain Dances: Strategic Responses to the Drought by
Selected Minnesota Businesses**¹
by Catherine M. Sleezer

Training professionals who want to become key participants in the business planning of their organizations must first learn how business people think. Linkemer (1987) stated that, "If trainers want to become an integral part of the business-planning team, they will have to learn to think more like business people and less like trainers" (p. 55). This article describes preliminary research to determine how business decision makers respond to a major environmental change and to gain insight into the thought processes used by the decision makers. This research can help trainers understand how business strategies are modified and redesigned to adapt to an environmental change.

Beginning in the summer of 1988 and continuing through the spring of 1990, Minnesota business managers watched the grass turn brown, heard reports of low water levels, and monitored the steps being taken by government agencies to address the water shortages. But they did not just observe the process; these decision makers interpreted drought observations and reports, assessed risks that the drought posed to their businesses, and identified possible courses of action. The decision makers' responses to the drought resembled the rain dances that are practiced in many cultures. Individuals and groups responded to

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the water shortage by taking steps that were patterned (Gerlach, Soucheray, Stanley, and Sleezer; 1989).

The Research Design

This research consisted of in-depth interviews with decision makers who worked in agribusinesses. Agribusinesses were chosen for this research because it was thought that agriculture-related businesses would feel the impact of the drought most severely and most quickly. In each business, an individual whose normal activities might have been affected by the drought was identified and invited to participate. Six decision makers agreed to be interviewed: (1) the owner-manager of a local fertilizer and seed sales company, (2) the manager of the plant and operations of a local fertilizer service and sales company, (3) the head buyer of a national company that sells lawn, garden, and craft products, (4) the field manager for a Twin Cities office of a national company that provides lawn and landscape-maintenance services, (5) the vice president for the food products and agribusiness division of an international bank, and (6) a divisional sales manager for an international company that manufactures and sells farm equipment.

Each decision maker was asked, "Does the drought affect your business?" Each responded, "Yes." Each decision maker was then asked to describe how the drought had affected his business, the decisions that were made as the result of this change, and the thought processes used in making the decisions.

Results

The major findings of the study were that the decision makers (1) described the change in terms of their businesses, (2) viewed the environmental change as creating opportunities to make money, (3) created strategies to maximize the perceived opportunities, and (4) acted quickly and decisively to take advantage of the perceived opportunities.

In describing the drought, each decision maker used language associated with his business. The decision makers seldom used the word water. Instead, they talked mostly about how the indirect effects of the drought interacted with other factors to impact the business. For example, in the lawn care and fertilizer businesses, the decision makers talked about how brown grass affected customer perceptions and subsequent sales.

The decision makers described how they actively scanned their external environment to identify changes, risks to the business, and opportunities for making money. In describing their thought processes, the decision makers only briefly discussed, or in some cases did not mention, such things as the costs of adapting to the drought or ways of preventing the lack of water from adversely affecting the current business. The initial perception of the change was in terms of risk or opportunity, but once the decision maker made the decision to change, the focus was only on the opportunities presented by the environmental change and how they could position the business to maximize the opportunities. These decision makers were excited about the new strategies that they had developed or were developing for competing in the marketplace.

For example, one Minnesota businessman determined that there was more opportunity in the lawn and garden business than in the fertilizer business; he was in the process of buying the equipment needed to be an aggressive force in the lawn and garden business and decreasing the fertilizer business. When asked about what would happen if the drought continued, he stated, "In doing business, you have to think about who has the money. If there is a drought and I can't sell grass seed in Minneapolis, I'll sell it in Omaha or Seattle or whatever."

The decision maker in another fertilizer company was planning to diversify into the turf renovation business. In analyzing the opportunities, he had decided that "yuppies" presented a good opportunity for business. He stated, "Yards are important to people. Yuppies are important, and they won't do without their lawns. So we'll count on the yuppies to carry us." Getting involved in the turf renovation business represented a large commitment of resources for the company. However, for this decision maker, the expected success of the venture was a more important factor in making the decision than was the cost.

All of the decision makers who were interviewed assumed that the drought was a one-time occurrence. None gave credence to the local media's discussions of the drought as part of the greenhouse effect that would have long-term effects on the weather patterns. Instead, each of the decision makers expressed a belief that there would be plenty of water available to provide for human needs. Consequently, there was no need to be concerned about having enough water or about managing water so that there would be

sufficient resources for all. The buyer for the lawn, garden, and craft retailer commented, "You can't place orders expecting history to repeat itself. You can't plan a business for the greenhouse effect. Your warehouses would be full." If he had expected the drought to continue, the buyer would have ordered hoses and sprinklers. Instead, he had ordered more fertilizers and grass seed in the expectation that customers in the following spring would be buying the products needed to restore their lawns.

The vice president of the bank had reviewed his portfolio of customers. He described how he had analyzed the holdings and had found that all but one of the companies in his portfolio had been positioned to take advantage of the drought. For example, a canning company made money by raising the prices of its canned vegetables. The "new" prices did not reflect the difficulty in getting vegetables, but rather were based on what the market would bear given the consumer's concern about the drought. According to the vice president, " The drought created opportunities. A wise businessman can protect himself by good strategic management. In commodities, this kind of thing (a change in the external environment) happens all the time. Those in the commodities businesses were organized for it. They minimized their losses and maximized their profits."

Strategies were identified for adapting to the drought in a way that would make money for the company. In some cases, the decision makers worked with others to identify the strategies. Adaptation strategies that were identified included diversifying products, selling the product in multiple locations, passing costs

on to consumers, negotiating better deals for the business based on the perceived difficulty caused by the environmental change, timing product sales to receive the greatest benefit, postponing purchasing decisions until they had to be made, and developing short-term strategies designed to prevent customer loss.

Five of the six decision makers had implemented strategies for preventing customer loss. For example, the farm equipment manufacturer worked with their customers, the equipment dealers. If a dealer could not sell the product which they had ordered, the company tried to find another buyer for the product or, in some cases, decided to forego the interest charges. The decision maker felt that an important company strategy involved developing the company's long-term relationships with the dealers and the farmers. After all, he explained, little would be gained by collecting partial payments and in the process putting future customers out of business. Another decision maker pointed out that even with solid orders, grace periods are common "because you want to do business with them again." He also commented that most contracts contain a *Force Majeur* clause which allows a party to get out of a contract when there is "an act of God."

The decision makers who were interviewed were savvy about the volatile nature of the marketplace and how the interactions of the players would affect success. They had taken steps to reduce their customers' risks and, at the same time, to increase their opportunities for success. Each decision maker took actions to implement the selected strategies. The decision makers' descriptions indicated that they implemented their decisions in a

way that would maximize opportunities and minimize risk. For example, several decision makers described how they broke up their orders to their suppliers as a way of minimizing their risks. As another example, the lawn and landscape maintenance company had set up a drought-relief list and was selling customers the service needed to restore their lawns. The descriptions also highlighted the decision makers' expectations that some of their strategies would not be effective. The divisional sales manager for the farm equipment manufacturer commented, "Sometimes you are right in your analysis and sometimes you are wrong."

The decision makers who were interviewed took steps to respond to the drought. There were many variations in the steps of the dance, reflecting the unique situations and creativity of the decision makers. In general, however, the steps taken by all the decision makers/dancers followed a rhythmic pattern. The basic moves of the dance included: scanning the environment as an ongoing activity; identifying environmental changes that could precipitate risks and opportunities; analyzing the risks and opportunities from a business perspective; identifying ways to profit from the perceived risks and opportunities; designing strategies for maximizing the perceived opportunities; and implementing strategies in ways that minimized the risks, maximized the opportunities, and allowed for modifications to create further advantage.

Implications for human resource development (HRD) professionals

This preliminary research provides some understanding of how business strategies are modified and redesigned to adapt to changes. These decision makers did not sit back, nor did they wait until it was time for the annual strategic planning session. Instead, they made their opportunities in the environment.

HRD professionals who want to contribute to business planning in their organizations cannot sit back and wait for the annual planning meeting. Those who want to think more like business people will learn more about their organization's pattern for responding to change, talk the language of the business in interpreting the implications of the change for HRD, and communicate opportunities for successful action; that is, they will learn how to do the dance. This research further suggests that HRD professionals who use cumbersome strategic planning processes may be missing opportunities to connect to the business.

This preliminary research confirms the premises presented by a number of authors in the literature that decision makers are venture capitalists (e.g., Swanson & Gradous, 1988) and that a language of economics is used in generating business strategy (e.g., Gerlach, Soucheray, Stanley, and Sleezer;1989). Further research is needed to identify and document the responses of business decision makers in nonagricultural businesses, such as manufacturing, bio-medical, and service industries, to changes in the amount of available water. Further research is also needed to identify and document the responses of business decision makers to other kinds of environmental changes. Most important for the HRD profession is the need to study the outcomes that result when

HRD professionals begin to participate in their organization's dance. Who knows, maybe we'll get a flood.

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