IGI PUBLISHING
ITB14540
701 E. Chocolate Avenue, Suite 200, Hershey PA 17033-1240, USA
Tel: 717/533-8845; Fax 717/533-8661; URL-http://www.igi-pub.com
This paper appears in the publication, **Cases on Information Technology and Organizational Politics & Culture**
edited by **M. Khosrow-Pour © 2006, IGI Global**

Chapter VII

The Australasian Food Products Co-Op: A Global Information Systems Endeavour

Hans Lehmann
University of Auckland, New Zealand

EXECUTIVE SUMMARY

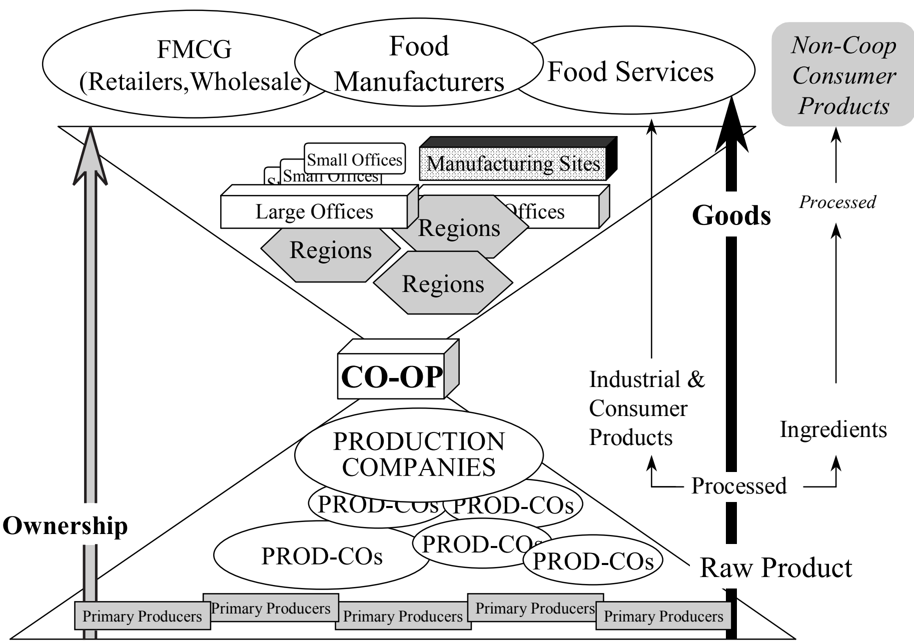
This case tells the story of a Food Products Co-op from "Australasia"[1] and their attempt to create a global information system. The Co-op is among the 20 largest food enterprises in the world, and international information systems (IIS) have taken on increasing importance as the organization expanded rapidly during the 1980s and even more so as the enterprise refined their global operations in the last decade. Set in the six years since 1995, the story demonstrates the many pitfalls in the process of evolving an IIS as it follows the Co-op's global business development. Two key findings stood out among the many lessons that can be drawn from the case: first, the notion of an "information system migration" following the development of the Global Business Strategy of the multi-national enterprise through various stages; second, the failure of the IIS to adapt to the organization's strategy changes set up a field of antagonistic forces, in which business resistance summarily killed all attempts by the information technology department to install a standard global information system.

BACKGROUND

Marketing authorities for land-based industries (such as fruit growers, meat producers, dairy farmers, forestry, etc.) are often large companies with a strong international presence. The Australasian Food Products Co-op[2] (the "Co-op") with some $5bn revenue is one of the largest. Like most of the others, the Co-op is a "statutory monopoly", as there is legislation that prohibits any other organization from trading their produce in international markets. With about a quarter of its revenue from raw materials and manufacturing outside Australasia, the Co-op is a mature transnational operator. Structured into nine regional holding companies, it has a presence in 135 offices in 40 countries. The 15,000 primary producers are organized into 35 cooperative "Production Companies" (ProdCos), where they hold shares in proportion to their production. The ProdCos, in turn, own the Co-op. This tight vertical integration is seen as a big advantage. It allows the Co-op to act as one cohesive enterprise and to develop a critical mass needed in most of its major markets. Figure 1 shows this structure and the product flow.

The Co-op distributes its profit through the price it pays farmers (by way of the ProdCos) for their produce. Because of this, there is no 'profit' in the normal sense shown in the Co-op's accounts, which makes the traditional (financial) assessment of the Co-op's performance somewhat difficult. Similarly, because the Co-op lays down a demand forecast for each product by volume and time, which determines production schedule of the ProdCos, their performance is difficult to measure. In the absence of hard and fast facts, then, the interaction between the Co-op and its owners is a highly political one. Particularly the larger ProdCos have been pushing for some time to relax the Co-op's monopoly, so that they may export on their own account, arguing that they could achieve a higher return for their farmers. The Co-op counters this by pointing out that it has maximized the average return to all farmers: they could not allow a second party to "pick the eyes" of its most lucrative markets and leave the Co-op to deal with the difficult and marginal ones to the detriment of the majority of dairy farmers.

Figure 1. Business structure of the Co-op



Related Content

Digital Divide Challenge: How Stakeholder Analysis Can Be Used to Formulate Effective IT Diffusion Policies

Anastasia Papazafeiropoulouand Anastasia Pouloudi (2008). *Global Information Technologies: Concepts, Methodologies, Tools, and Applications (pp. 1431-1439).*

www.irma-international.org/chapter/digital-divide-challenge/19049

The Effect of National Culture on IS: Implications for International Information Systems

Phillip Ein-Dor, Eli Segevand Moshe Orgad (1993). *Journal of Global Information Management (pp. 33-44).*

www.irma-international.org/article/effect-national-culture/51229

Application of Machine Learning Algorithm in Managing Deviant Consumer Behaviors and Enhancing Public Service.

Shantanu Dubey, Prashant Salwanand Nitin Kumar Agarwal (2022). *Journal of Global Information Management (pp. 1-24).*

www.irma-international.org/article/application-of-machine-learning-algorithm-in-managing-deviant-consumer-behaviors-and-enhancing-public-service/292064

Inter-Governmental Relations in the Provision of Local E-Services

Robert Kelso (2008). *Global Information Technologies: Concepts, Methodologies, Tools, and Applications (pp. 2439-2451).*

www.irma-international.org/chapter/inter-governmental-relations-provision-local/19122

Towards an Information Technology Management Framework for Developing Countries

Hans Lehmann (1995). *Journal of Global Information Management (pp. 16-24).*

www.irma-international.org/article/towards-information-technology-management-framework/51266