

THE BROSNAN INTERVIEW

'Biofuels, a crazy way to go' - Brosnan



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NEWS EDITOR

Q&A

PAT O'Keeffe: In the food industry today, we have dramatic changes in commodity prices.

DENIS Brosnan: Commodities are back in vogue. Agricultural land is being used for biofuels, taking away from the land available for food production. That has driven the commodity market. We'd all want to be careful. Commodities have been there before, at hugely hyped and inflated prices. Every time we've seen that, we've seen the crash in commodity prices a few years later. So, farmers and others should make hay while the sun shines, but not to bet the house on it.

HAVE you a view on the food versus fuel issue?

WELL, food will have to come first. The Government's priority is to keep people fed. In many countries, people are starved or suffering malnutrition, and there is a global requirement to pro-

duce adequate food. Biofuels are a success because they are heavily subsidised, particularly in the USA. It's probably a crazy way to go. There is something very wrong if you subsidise the production of biofuels and use it as a source of energy and leave the African countries starving. Somebody has to stand up some day and say 'look, let's feed the poor first'.

DAIRY farmers are being told that prices won't go back to previous levels — you are telling farmers be cautious?

I don't think they will ever go back to the level they were at, but you must remember that in Ireland dairy prices have been stagnant for seven or eight years. It's been efficiency on farms and the EU Single Payment that have kept the system alive.

Younger dairy farmers getting started, I think, will not be relying on the EU like their parents. They will

either be able to make a living out of it or they won't do it at all.

WOULD you think it's a good time to be a farmer, in terms of the outlook?

YEAH, there's a great few years in it. One has to get the rewards during those years, but what happens with any commodity price when it becomes too high? There will be scientists looking for the substitute. Prior to our time of buying Beatreme, they were the first to develop and drive the concept of coffee whiteners. Prior times, you always put milk in your coffee. Then we entered an era where some casein was used and everything else was non-dairy based.

WHAT is your view on farmers buying apartments in Berlin, for example? Is it a wise strategy to diversify the asset base?

YES I think it is a wise strategy. I'm not sure what city you would buy your apartment block in, but I would certainly be suggesting that you use the cash you generate in the good years. Think in terms of spreading the risk.

DO you think Ireland is well placed internationally for dairy expansion?

YES, Ireland is well placed

within the EU. But we shouldn't get carried away — there's a whole continent of South America still to open up. New Zealand is still there. As long as restrictions remain in place that don't allow for free trade in dairy products, Ireland is fine.

If free trade becomes part of the next reform of the CAP, then all of Europe suffers and, of course, Ireland will suffer proportionately as well.

I've always thought the Irish dairy farmers' security is ownership of their businesses, whether they be plc or co-op. They need an attachment to the organisation serving them; fortunately, that is still there today.

DO you think the co-op is a better route than the plc from the dairy farmer's point of view?

WELL, if I thought that, Kerry would still be a co-op. If you could build value, it had to be done through a plc structure and that value could be released back to those who created it. Maybe you should ask the question of Kerry farmers: was that a great theory or not? The ones I know are very happy with their plc shares.

I presume it is a source of great pride for you personally to see small family farms putting children

through college, often with the help of plc shares?

I grew up in a Kerry where, if not poor, certainly there was nobody well off. What would give you great pride was all the people in Kerry who had plc shares and used them for their and their children's betterment over 30 years.

AT the awards ceremony, you talked about 'putting Kerry on the map' as a driving force. Was moving to the USA and acquiring Beatreme in the mid '80s pivotal in setting the Kerry Group on the road to international growth?

I suppose it was a very brave move to do it. You can always look back five, 10 or 20 years later and say 'wasn't it the obvious thing to do', but it was bravery at the time. Some people actually predicted that it would be the downfall of Kerry — that we had bitten off too much. But we weren't stuck in there very long when we suddenly realised that we were as good, and, after a little while, we were better than the competition. From there we certainly got the confidence to go and do a whole lot of other things.

When Kerry bought Beatreme, we paid \$135m, but there was only \$35m of assets. We were paying \$100m for the brands, for the goodwill, for the science that they had

created over the years. What might have looked foolish at the outset, proved invaluable in the long term. Kerry never looked back. That gave Kerry access to the Americas, as well as Japan. It brought Kerry everywhere around the world.

YOU put relatively young graduates into positions of responsibility.

I think Stan McCarthy was 27 when he was sent to America with Finbarr O'Driscoll, who was a few years older. In today's world, these people would have looked very young; we didn't think they were very young at the time.

We used a concept of coaching in a huge way. I spent my life coaching, because I would travel the world and meet all the people working for us. We were all the time pushing the young people as far as they could go and being there to help them when they needed advice.

YOU were selecting people who had the ability to develop and deliver?

YES. What was important was to stop people from making mistakes. On the one hand, we used to push them as far as they could go, to get on with making decisions and running the show, and saying 'just check back when you have to'. Checking back to

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With the John Mooney Award

prevent them making a mistake.

THE budgeting process must have been key to that?

THERE is no doubt that Kerry had some of the best IT systems. It was not just budgets, but weekly and monthly reporting of nearly everything that was important. By the middle of every month, or even earlier, we would know exactly what was happening in every location.

IN recruiting people, was a 'can do' attitude important?

YEAH, 'can-do' is great, provided you have great discipline at the other side. You don't want somebody taking wild flutters, particularly when you are a plc. We have seen what some of the wild flutters have done in banking over the last few months.

DO you think Ireland today is a totally different country, compared to when Kerry started to expand?

ABSOLUTELY. It's great to see it. There's no fear in people in their 20s and 30s today. Maybe they would be even better with some coaching. You need to be in your 20s and 30s to have the energy and enthusiasm, and perhaps even the spirit of 'we're the greatest'. That's the start of success.

ARE you confident about how Ireland as an economy is placed? There are Irish people doing business all over the world now

"WHEREVER you go, you meet them; that's the reality. Everybody talks about the economy slowing down, so let's see how this Ireland gets through the next four or five years. It will certainly never go back to the bad old days.

ARE we over playing the negative tones on the economy?

I don't think so; it's facing up to reality. Maybe, at times, you are better off to have the reality before you react to it, rather than pretend it isn't happening.

HOW does Ireland position itself to compete with the loss of jobs to cheaper economies?

YOU could look at the example of Singapore. It is a relatively high cost country, but what they have done is to specialise in technology and as a financial centre. They play to their strengths; Ireland has been doing that. There is no point in crying over areas we can't compete in any more.

HOW important is social networking?

IT is hugely important. The most important thing is that you must keep very fit — and that's both mentally and physically fit. You cannot do that if you are spending your night 'on the town'. Look after both physical and mental health and you will have no problem.

WHAT are the key principles you use for time management?

I can very easily switch agendas. You just pull down the curtain on the first one and stay totally focused on whatever comes next. Turn off the mobile phone; let people catch up with it at the end of the day.

People can get carried away with the laptop, but there are times when I wouldn't read an email for 48 hours. You will get nothing achieved if you do not have absolute concentration on the

agenda of that task.

HOW do you overcome the natural human resistance to change?

YOU do the persuasion on the need for change. If people still stand in the way of change, and you believe in it, then you just have to take out those people; whether they get paid off, retired, advised to go elsewhere or otherwise. If change is needed, you've got to find a way through it.

HOW do you motivate people?

WE spend a lot of time at the start of the year working with people as to what are the key achievements that must be done in the following 12 months. We have plans that roll well beyond 12 months, but what is very important is to set the 12-month targets of what must be achieved by the individual.

If we think in terms of 10 individuals, or 100 individuals, if the targets are all steering in the right direction, then you will move the organisation on significantly. I always say the first two months of the financial year are most important; make sure that the organisation, and certainly all the key individuals, are absolutely focused on what must be achieved, and then come back six or 12 months later and tick the boxes as to whether it was done or not. Then repeat the exercise all over again.

WHAT motivates you? Is it pride in seeing a job done well?

WELL, there are two businesses today — Horse Racing Ireland and the care business. My involvement in HRI goes back 15 years. Certainly, from seven, eight or nine years back it was to get the world

to take a look at this small country that produces the best thoroughbred horses and had all the best people involved. We are a long way up that ladder. I wouldn't say we are top of the ladder yet, but it is recognised internationally that Ireland has made huge strides over seven or eight years.

In the care business, when I finished in Kerry in January 2002, almost as a pastime we had a very small care business, with nursing homes in the UK. And we just said, if we spent 30 years building Kerry, let's see if we can become the dominant care provider, not just in the UK, but in the other English speaking countries, in a far shorter period of time. We said we'd give it about 10 years. Six years gone and

we've come a long way.

ONE of your famous quotes is that 90% of the future is known and that a leader has to 'sense the future'. Is that still the case?

YOU must think in terms of 'there is no good in planning for today'. If you are doing that, you will be looking at what others are doing now. If you get to that point, be quite sure that the smarter others have already moved the goalposts and have moved on. For ultimate success, you must be able to sense the future.

DO you always plan in three to five year windows?

YEAH, that is where you ultimately make money. You make money when you are in a field of enterprise on your

own that others haven't yet got to. Because when others get there, the profit margin goes out of it.

WHAT is the best advice you ever got?

WE were up the walls in about 1972 or 1973, and a director of the Dairy Disposal Company, Tim Dennehy, rang one night when we were working quite late.

He said, 'go home to bed, have a good night's sleep, because you will look back tomorrow and say the night's sleep was more important than just putting in endless effort'.

Ever since, I've always managed a night's sleep and I've always managed to wake up with a much brighter head the next day.



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Wednesday 12 March	Laois	David Holland, Bunlacken, Cullohill	11.00 am
Thursday 13 March	Kerry Offaly	Michael Randles, Fussa, Kilgarvan Eamon Lee, Ballyoran, Kilmacormac, Birr	2.30 pm 2.30 pm
Friday 14 March	Carlow	Dermot O'Connor, Rathnagrew, Hacketstown	11.00 am
Tuesday 18 March	Limerick Roscommon	Seamus Galvin, Banogue, Croom Anthony Moran, Tibarney, Four Roads	3.30 pm 6.00 pm
Wednesday 19 March	Galway Tipperary	Paddy Hogan, Cahermore, Kinvara Tim Meagher, Clonan, Roscrea	2.30 pm 11.00 am
Wednesday 26 March	Donegal	Raymond Palmer, Carrick, Castlefin	2.00 pm
Thursday 27 March	Meath Meath Mayo Cork West	Donal Callery, Cookstown, Kells Hugh Doyle, Curraghtown, Summerhill Michael Mellett, Mochara, Shrute Sean Kelliher, Newcestown, Bandon	11.00 am 3.30 pm 4.00 pm 2.30 pm
Friday 28 March	Sligo	John McDonagh, Spurtown, Killavil, Ballymote	4.00 pm
Monday 31 March	Cork East Cavan	Billy Nicholson, Hoddersfield, Crosshaven Colm Duffy, Cormeen, Ballyconnell	6.00 pm 2.00 pm
Wednesday 2 April	Monaghan	Thomas McConkey, Newbliss	2.30 pm



All interested are invited



THE BROSNAN INTERVIEW

Denis maintains a healthy gallop

Pat O'Keeffe meets Denis Brosnan, the driving force behind the transformation of Kerry Co-op and the recipient of the first Agricultural Trust John Mooney Award

Denis Brosnan is a legend in Irish business. He was the driving force behind the transformation of Kerry Co-op into a multi-national food and ingredients group. Since retiring from Kerry in 2002, he has continued to play a leading role in the development of the Irish horse racing industry into a world leader.

As well as private equity interests, he now chairs Barchester Healthcare, a rapidly growing player in what he calls the 'care' business. They will shortly open their first Irish facility, at Trim, Co Meath, and were rated by one business magazine as one of the Britain's fastest growing companies.

Two weeks ago, the publishers of the *Irish Farmers Journal*, the Agricultural Trust, selected Denis Brosnan for the *John Mooney Award*, in recognition of his outstanding contribution to Irish agriculture.

At the presentation, attended by Minister for Agriculture Mary Coughlan, Denis Brosnan explained why he retired from Kerry in 2002.

"It was case of I couldn't

take it at the pace that I felt it needed to be taken. Like the footballer or hurler whose legs aren't moving as fast as they should anymore, it was time to move on."

To mark that award, Brosnan agreed to a rare interview. Having always devoured with enthusiasm anything written by him or about him, I felt privileged to meet him at his beautiful Croom House Stud in Co Limerick. He was generous with his time and hospitality.

Ironically, the Kerryman moved to Croom in 1986 because of its convenience to Shannon Airport. The recent decision of Aer Lingus to pull out of the Shannon-Heathrow route has inconvenienced Brosnan and the region considerably.

Six years on from his Kerry days, Brosnan admits that when he is working, he works as hard as ever. The only difference today is that he travels shorter distances — to London and Geneva predominantly.

Horses remain a consuming passion. As well as his chairmanship of Horse Racing Ireland (HRI), he runs a thriving thoroughbred breeding operation on his own



Denis Brosnan, pictured with Minister Dermot Ahern (centre) and Leo McAuley, board member of Dundalk racetrack, at the opening of the racecourse late last year.

farm. Despite his considerable wealth, he treats it like any business. "This place has to pay the wages," he said.

He breeds for the top end of the flat market, with customers from Japan, the USA and Europe, as well as Ireland. Like any breeder, he admits that breeding a Derby winner is the dream. "Group 1s aren't good enough for us anymore," he laughs.

We sat into the jeep and travelled the few miles to the outfarm. It sits on a limestone outcrop, so that horses grazing February grass make little impact on the surface. At the time of purchase some years ago, Joe Harte from Teagasc provided cattle husbandry advice. He advised against demolishing any of the buildings. The old barns have since been restored and converted into stables. The thatch roof has been maintained on the farmhouse, resulting in passers-by regularly stopping to take photographs.

The farm has slatted accommodation for 200 cattle, but non-existent margins in winter finishing saw it left idle this year. Someone sug-

gested he remove the slats to make way for horses, but Denis Brosnan is reluctant; he would hate to get rid of the slats only to need them again. On the farm, as in business, mistakes must be avoided.

In keeping with his roots, Denis Brosnan does not engage in high profile displays of personal wealth. He has a fine Mercedes car, but drives it himself. He has expanded his bloodstock business recently to include a stud farm in Kentucky, USA. He explained that the compelling value was impossible to resist; 450 acres of stud railed land with superb facilities and seven houses for \$4.5m. About a third of his horses are now kept there.

During my three-hour visit with Denis Brosnan, we spent an hour in his glass-walled office and later toured the stud farm. Not once was he disturbed by a call, and he did not carry his mobile phone.

Neat bundles of reading material sat on the desk — part of preparation for a series of meetings in the days ahead. He stresses the importance of focusing on the task in hand.

He told me of the importance of 'staying mentally and physically fit'; it shows in his appearance.

At the start of our interview, a fluorescent light flickered annoyingly on top of the wall. He was quickly up, balancing delicately on the armrests of a chair to solve the problem.

He's nothing if not capable.

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— Denis Brosnan

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