

Future of Food

Governed for yesterday

Is the boardroom
holding the NZ food
sector back?



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Is the boardroom holding the
New Zealand food sector back?



Well governed for business as usual. Poorly governed for what's coming. As the future of food shifts faster than ever, is the boardroom now the slowest-moving part of New Zealand's food system?

New Zealand's food sector is navigating changing consumer demand, a changing climate and shifting trade relationships. Alongside the conversation about how businesses respond sits an equally important question: how can governance help them prepare for what comes next?

Governance in New Zealand is closely connected to the communities and industries it serves. Directors often sit on multiple boards, and many food-sector boards include farmers and growers elected by their peers. That brings practical knowledge and a strong connection to the people whose livelihoods depend on their decisions.

As the future of food changes, there is an opportunity to build on those strengths. How can boards meet the demands of today while giving enough attention to the opportunities and challenges ahead?

FoodHQ CEO Dr Victoria Hatton sees that balance as essential. "Our boards bring deep sector knowledge and experience. The opportunity is to bring that same focus to the longer-term future," she says. "Seasonal pressures are real, and resources are tight. That makes it even more important to create space to ask what's changing, what it means for the business, and where investment in innovation could take us."

That is why Hatton put governance on the 2026 E Tipu programme. "Governance conversations often happen within governance circles, but they belong across the value chain too," she says. "Bringing those perspectives together can help boards and businesses make better decisions, both for the next season and for the next generation."

In recent Board of the Future research conducted by Ernst and Young, only a small minority (19%) of the 90 board directors interviewed believed today's governance model is fully sustainable for the future.¹ The report calls for boards to become more strategic, agile and future-oriented through a "6E" agenda that rethinks governance, embraces technology and continuous adaptation, and enables directors to spend more time on long-term value creation and strategic foresight rather than retrospective oversight.

The world is changing rapidly. Risk is increasing, disruption cycles are shortening, consumers are more fragmented and markets are harder to access.

Alison Barrass, who has spent 12 years in governance after three decades in FMCG, is blunt about the environment boards now face. Many people imagine boardrooms as calm, orderly places, she told E Tipu. "Real boardrooms are often messy. Especially in turbulent times."

"When you're in a board room in Hawke's Bay, you just about think you survived two years of Covid and all its challenges when all of a sudden you are facing the decimation of your annual crop off the back of Cyclone Gabrielle, knowing that not only orchards but lives will be ruined from the damage, there is no calm way to approach things. There will be a time for taking stock but in a crisis you have to deal with the decisions in front of you and boards are no different to anywhere else under those circumstances," she says.

The world has moved from what strategists called VUCA (volatile, uncertain, complex, ambiguous) to BANI (brittle, anxious, non-linear and incomprehensible). "This is not an anomaly," Barrass says. "This is our new normal and we need to adapt."

“if you remove all risk from a business, you usually remove all growth as well”

Two years ago [2024] Deloitte argued in *The Wall Street Journal* that the board’s agenda is being reshaped by five interconnected forces: geopolitical instability, economic uncertainty, regulatory change, cybersecurity threats and the rapid rise of generative AI and data transformation.² Climate change didn’t make their list but we’re adding it here.

Climate change is a global issue. Fruit and veggie growers in Europe, particularly The Netherlands, have been affected by hot weather that has created a shortage of supply. French authorities have temporarily raised the legal alcohol ceiling for Champagne from 13% to 15% for the 2026 harvest due to extreme heatwaves and drought.³

So, how do you govern in this environment?

According to Deloitte, rather than treating these as isolated risks, boards are encouraged to strengthen enterprise-wide risk oversight, refresh director capabilities and adopt a more forward-looking approach that builds long-term resilience while positioning organisations to seize emerging opportunities.⁴

Barrass believes we have to get better at gathering up data to understand “what you do have” and then to get better at responding to that with innovation and strategy. For example, if rainfall doubles at certain times of the year, what impact does that have on a kiwifruit plant? Or what if there’s no water?

“The success of the production of the fruit is a whole system that’s working through a 12 month seasonal cycle. And if the seasons moderate substantially in terms of how they look versus how they are today, it impacts the production cycle of that piece of fruit. Understanding all of that is crucial to New Zealand production,” says Barrass.

For years, governance has rewarded predictability, steady growth, incremental improvement and low volatility. Now boards are increasingly governing through ambiguity and that changes the job, says Barrass.

“One of the biggest misconceptions about governance is that boards exist to eliminate risk. They don’t. Boards exist to govern risk intelligently,” she says. “Because if you remove all risk from a business, you usually remove all growth as well.”

The innovation paradox

When budgets tighten, investment in innovation can be difficult to protect. Yet those pressures make it important to consider not just what the business needs today, but what will sustain it in the future.

“In a tough year, boards face real choices about where to put limited resources,” says Hatton. “Innovation needs to stay part of that conversation because it helps create future options for the business. Boards need a clear view of what that investment is intended to achieve, what’s being learned and when to expect progress. That gives them greater confidence to keep investing, even when the returns aren’t immediate.”

The numbers suggest the problem runs deep. In her E Tipu presentation ‘Governing Innovation’, professional director Alison Watters showed that New Zealand spent a record \$6.4 billion on R&D in 2024, but that is still just 1.54 percent of GDP, against an OECD average of around 2.6 percent.

Globally, the leading food ingredient companies reinvest between 4 and 11% of revenue in R&D, well above the roughly 2% typical of FMCG brands.

Watters called it “the innovation paradox”. Be too conservative, and you face margin erosion and “your

For a car to go fast, it has to have brakes

core becomes someone else's commodity". Be too scattered, and you get innovation spend without discipline, where "activity is mistaken for progress".

Watters warned to never review a 10-year innovation platform plan alongside a quarterly ops update because different time horizons demand different governance.

She also recommended naming risk appetite explicitly. "Put it in the board papers because vague appetite statements are not good governance practice."

And to celebrate intelligent failure because if nothing in your explore bucket ever fails, you are not exploring. Reward the learning, not just the outcome.

"If you have a tolerance for failure, then you can cultivate a culture of innovation where people will be more willing to explore because they know there's not necessarily a negative connotation if they fail," Watters says. "But you've got to put the right level of risk tolerance with the right innovation activity. Exploration may attract greater 'failure' tolerance, where as incremental innovation needs to align clearly with a pathway to monetisation, and be subject to less risk of failure".

Watters has worked in governance for 20 plus years. She argues that a board's primary role isn't in question, related to setting strategy and ensuring accountability for delivery of that strategy. However, discussions around the board table about risk needs to mature, and be 'fit for purpose'. The main point she wanted people to take away from her E Tipu presentation was that "boards continue to have good discussions around risk appetite".

"Defining the board's risk appetite is super important and that has to be across both your strategic and operational risks," says Watters. "Often operational risks can be managed out. Strategic risks are the risks you learn to govern and accept a degree of comfort with

them being there and innovation sits in that bucket. If you just stick to optimising only, you will stifle the innovation culture."

A risk discussion about operational performance will be very different to a risk discussion about assigning patient capital (invested capital that may need many years and some failures before finally delivering results) to long-term, exploring innovation. And this is where boards' have to hold the line and have courage.

"If you're not prepared to lose any of your earnings to failed innovation, then you've got a project list, not an innovation portfolio," she says.

Watters adds she can accept failure as long as she knows there are good guard rails and discipline around how that failure is going to be managed.

She likes to use a car analogy when describing board governance and innovation. "For a car to go fast, it has to have brakes, because if you can't control your speed, you're not going to be comfortable putting your foot down on the accelerator." Really good innovation pipelines need to have a governance lens over them saying, 'what are the constraints we're putting in place to make sure we stay in our lane and we go as fast as we can, but not go off track or lose control."

Brand is a board issue

Boards have traditionally treated brand as a marketing matter: "logos, advertising campaigns, maybe a nice TV commercial involving a farmer, a paddock, some fruit or a cow", as Barrass puts it. That, she argues, no longer holds. "Brand and strategy are fundamentally in lock-step. You cannot pull them apart."

Hatton agrees. "Brand is very much a board issue, because that's the end game for reputation and risk,"

“Brand is very much a board issue, because that’s the end game for reputation and risk”

she says. “It’s not the same as marketing the brand or selling the brand. But the protection and reputation of the brand needs to sit with the board.”

Consumers no longer simply buy products, says Barrass. They buy trust, identity, values, convenience and, increasingly, a sense of belonging. “Which is why brand failures now become governance failures extraordinarily quickly. One bad social media moment, one quality failure, one ESG inconsistency, and decades of brand equity can evaporate overnight.”

Her test for boards is whether the offer is “true, relevant, scalable and differentiated”, or whether they are “trying to market fluff”. “Some brands are brilliantly marketed, but strategically hollow.”

The strongest brands, she says, are grounded in truth. She points to kiwifruit’s nutrient density as “a platform of truth on which you build a globally relevant brand”, particularly as the nutritional quality of everyday food declines.

Barrass also poses a pointed question for dairy. “If you’re selling milk, do you spend your time in court trying to remove the word ‘milk’ from the almond and oat milk category, or do you fast forward 20 years and consider what declining dairy consumption in the developed world means for your brand, your business and your ecosystem?”

“Companies don’t fail because they can’t see the threat,” she says. “They fail because they cannot emotionally let go of what previously made them successful.” Barrass uses Kodak as an example. Kodak invented the first digital camera and chose to protect its film business instead. For Barrass, it remains the defining governance lesson.

She has seen the Kodak pattern up close in New Zealand. During a decade in baking, she watched white

bread and pasta consumption fall while the industry cut prices and promoted harder, “trying to convince ourselves that we could discount our way to maintaining a market”. Meanwhile, grain production focused on yield and cost, commoditised the category even further.

“My question now is, where was the board?” she says. The answer, in her view, was a focus on short-cycle wins and holding the share price. The question boards need to ask is no longer “How do we optimise the current model?” but “What if the current model disappears?”

Which New Zealand food categories currently face their own Kodak moment? “Red meat, for sure,” says Hatton. “Because they’re just not innovating for a future consumer, [they] will lose traction and will lose market presence.” She also adds wine, arable and citrus to the list.

Dairy, she believes, has more time because of global demand for dairy protein, “but I think within the next 10 years, dairy will be struggling”.

Staying agile & AI

Currently the biggest weakness of New Zealand’s food and fibre sector boards is “agility” believes Barrass. In her opinion boards need to build stronger moats around agility, resilience, discipline, depth and time.

“I think agility is a problem for everybody, and everyone’s got a slightly different view of what it means,” she says. “What a CEO needs to be successful in the world today and it’s changing really rapidly. The resilience and agility needed to lead well at that level is quite different to what it was 10 years ago and I think it’s really hard in agriculture to move fast on things. People have long term investments. They have 10-year return models and are normally capital heavy in terms of land, planting, licenses and all that kind of stuff. So it’s hard to make fast changes.”

“If we don’t have boards that represent our society, how do we build businesses that can thrive in our society?”

Boards need to horizon scan and they need to really understand where uncertainty is coming from, says Simon Jordan of Resilient IT, specialists in AI and information security, enterprise governance and risk management. “The purpose of governance protecting today’s organisations or building tomorrow’s is to adequately understand their risks and opportunities.”

From a governance perspective, Jordan says many organisations are not adequately governing AI at all. Few keep a proper inventory of the AI tools used across the business, fewer carry out impact assessments, and many don’t ask how their third-party providers govern their own AI tools.

His starting point for boards is simple: identify the big issues AI raises for the organisation, including what customers, regulators and other stakeholders will expect on privacy and ethics, and build those risks and opportunities into the enterprise governance framework. International standards such as ISO 42001, which sets out a management system for AI, give boards a ready-made structure.

Who should be at the table

Many companies globally have appointed artificial intelligence systems as non-voting board members, observers, or formal advisers.⁵ In rare cases AI even has voting rights.

Does every board need an AI specialist? Not necessarily, says Jordan. But boards do need people who understand AI and the opportunities it creates. “They don’t need to be an AI specialist but they need to get rid of the dinosaurs and get the innovation or the young people who live and breathe it. AI to the majority of people is like the new Google. It’s not how AI will improve workflows, reduce cost and increase revenue,” he says. “An ideal

board should have the right representation that relates to the context of the organisation.”

Barrass agrees younger directors bring different lived experiences and assumptions that reshape board discussions.

Hatton is more cautious, saying the opportunity is there for young people who are “seriously interested in governance” and willing to do the work. And that they should not be token appointments.

While boards look different today than they did 20 years ago, Barrass says they are not different enough. Women now hold 37 percent of NZX directorships, up from 21 percent in 2016, yet some listed companies still have all-male boards. Private boards appear to lag further behind, “and the primary sector is no exception”.

Ethnic diversity lags too. Māori and Pacific representation is reasonably strong in the public sector, at 27 percent, but that is not reflected in the private sector, and Asian representation is “almost non-existent”.

“If we don’t have boards that represent our society, how do we build businesses that can thrive in our society?” Barrass asks.

She has little patience for the usual explanations: “We recruit on merit”, “we just took the best candidates”, “these were the best people the recruiter had”. She wants directors to go beyond mentoring and actively sponsor people into roles, and to ask whether they are genuinely widening opportunity, “or simply recruiting a variation of the people already around the table”.

“The reality is there are amazing people of every race, gender and skill around us but to genuinely sponsor diversity, we need to be prepared not just to appoint people but to reconsider the way we work,” says Barrass. “We need to be culturally adaptive, open to

“The sector is avoiding...the fact that we are fundamentally falling behind the rest of the world”

different ways of doing things. We need to foster an environment that makes people feel welcome and integrates the taonga of different cultures that we will be working with in the future.”

She owns that you “can’t be the United Nations of governance on every board but if your board largely only represents white Pakeha males or even white Pakeha females, you’re really missing some different perspectives from stakeholders who are becoming quite significant in the population”.

“We’re a big exporting nation, exporting to countries around the world and in New Zealand our population composition is shifting really rapidly.”

For Hatton, the starting point is the organisation’s strategy and the capabilities needed to deliver it. A skills matrix can help boards recognise their existing strengths and identify where additional perspectives would be valuable.

“It’s about bringing together the right mix of people for where the organisation wants to go,” she says. “Every organisation will be different. The question is whether the experience and perspectives around the table support both the business today and its future ambitions.”

Looking towards 2035, she would want boards to draw on capabilities in foresight, innovation and entrepreneurship, climate and sustainability, digital transformation, and an understanding of the future consumer. “These aren’t necessarily separate seats on a board. It’s about making sure those perspectives inform the decisions being made,” she says. “We need people who can explore how the world might change, understand the implications for the business and see opportunities as well as risks.”

If Hatton could encourage one immediate step, it would be to bring the future consumer more firmly into boardroom discussions. “I’d start by asking who

our future consumers could be, what they will value and how we can begin responding now. Bringing that consumer perspective together with innovation and enterprise can help turn a conversation about the future into practical choices about where to invest.”

Avoiding groupthink

Barrass says the best boards that she’s served on have not been the most agreeable. They’re boards where people think differently “because turbulence punishes groupthink”. Diversity, when done properly, improves decision quality. Not because diversity is politically fashionable but because complexity requires broader thinking.

“What it really comes down to is having the right mix of people around the board that give you genuine diversity of thought,” she says.

While most boards have good conversations where a lot of perspectives are shared, groupthink can be very subtle. “Sometimes you get in situations where you’ve got a bit of tenure around the table, people have been around for a while, everybody gets on really well and you’ve all, over time, formed a view of the business and the industry that probably has more similarity than difference and therefore, almost independently, you tend to land on or near the same spot on a lot of things.”

Questions she now actively asks herself on the boards that she represents are: Is what we’re doing really working? Are we doing enough? Where will this take us? What does it look like? Is it going to get us where we think it’s going to get us? Are we going to need to do more? Are things going to change more than we think? Have we thought widely enough? Have we thought too wide or should we focus? Are we distracting ourselves from the real issues? And where do we sit in terms of what we’re doing and how we’re thinking?

...it comes down to value versus volume.

“Just trying to get more of that going on and making sure that everyone doesn’t get acclimatised to the rhythm of things like the boiling frog thing where you’re sitting in the water and it’s getting warmer and warmer but you’re all super comfortable and then all of a sudden you’re cooked.”

So what is the conversation the sector is avoiding? For Hatton, it comes down to value versus volume.

“The sector is avoiding having a conversation about the fact that we are fundamentally falling behind the rest of the world,” she says. Even the government’s goal of doubling export value, in her view, is still largely a volume play, “about getting product offshore as quickly as possible”.

“We don’t have a plan. We’re not connected. We don’t have a food strategy. I think that’s what we’re avoiding.”

Watters doesn’t believe we’re “doom scrolled” and that there is some really good governance going on out there. “There’s exceptionally good innovation happening across business and we’ve just got to keep facilitating it to make it better.”

1. <https://www.egonzehnder.com/industries/services/insight/future-proofing-boards-board-governance-for-a-changing-world>
2. https://deloitte.wsj.com/riskandcompliance/on-the-boards-agenda-5-issues-testing-governance-b2cef56e?utm_source=chatgpt.com
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5. <https://www.ibanet.org/The-rise-of-AI-board-members>

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