This chapter focuses on one type of statutory marketing organization, the "full-function" international producer board. The case examples used in the discussion are all New Zealand (NZ) organizations: The NZ Dairy Board, NZ Apple and Pear Marketing Board, and NZ Kiwifruit Marketing Board. These are all "full-function" organizations in the sense that they purchase products for export and undertake all necessary subsequent business functions and activities. This is to be contrasted with other statutory organizations, such as the NZ Meat Board, which undertake only some of these activities, such as generic product promotion and negotiation of shipping.

In the context of full-function producer boards, a specified group of land-based producers are the beneficial owners or controllers of the organization. The statutory provision is essentially directed to the organization being empowered as the sole exporter (or licenser) of specified categories of products.

The discussion will focus on the impact on the management of four issues, and is addressed in the context of an international value system model (presented later in the chapter). The issues are:

- The public policy discourse and debate about desirability of such organizations;
- Public accountability, structure and quality of governance;
- Capital structures; and
- Embedded cooperative agreements and their influence on production decisions.
THE Z-FORM INTERNATIONAL VALUE SYSTEM MODEL

The managerial domain of international producer board marketing organizations may usefully be considered in the framework of the model shown in Figure 1. Although this model specifies New Zealand as the home business environment, this may be generated to any other location.

The key elements of the model are:

1. The system consists of a sequence of stages which are labeled A through H. Each stage comprises one or more firms that add net value by either further transforming products that are transferred from the adjacent upstream stage or by providing services that increase the value of these products. The firms at each stage operate in a definable business environment and competitive arena specific to that stage. However, some variables in the business environment impact on multiple stages, and the nature of the activities in any particular stage may be influenced by the strategies adopted by firms both upstream and downstream.

2. The model shows delivery of valued products and services to customers in an off-shore market (Stage H) with upstream stages of the value system in New Zealand (Stages A, B and C). The boundary of the international value system is given by the dotted line. This system interfaces with an associated system that serves customers in the home-base market, and another associated system that provides domestic supplies of land-based products in the off-shore market. As shown, the New Zealand part of the system typically exports to multiple off-shore markets, and each off-shore market is served with imported products that originate from multiple sources.

3. The total gross value generated in the system, that is, the sum of the gross value of the products from Stage A and the gross value added in Stages B through G, is conditioned by the perception of value that customers have in Stage H, and is determined by the prices that they pay and the volumes of goods that they purchase. The total net value generated in the system is total gross value less the sum of costs incurred in all stages.

4. The absolute profits that accrue to a firm operating at any particular stage in the system depends on two major considerations. First, the relative leverage and bargaining power of firms in adjacent stages determine the extent to which revenue received by each downstream stage is retained there, or is passed back to the firms in the adjacent upstream stage by way of prices paid. Second, within each stage, firms will have differential capabilities based on its assets, competencies, and caliber of management. These differences will result in the firms within each stage performing differently in terms of